



FOR CONSIDERATION

May 18, 2015

TO: The Directors

FROM: Howard A. Zemsky

SUBJECT: Buffalo Billion Initiative – Buffalo (Western New York Region – Erie County) – Fort Schuyler Management Corporation/RiverBend Park Capital – Buffalo Regional Innovation Cluster (Capital Grant)

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

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General Project Plan

I. Project Summary

Grantee: Fort Schuyler Management Corporation (the "FSMC") on behalf of the State University of New York ("SUNY") College of Nanoscale Science and Engineering (the "CNSE")

Beneficiary  
Companies: SolarCity Corporation ("SolarCity")  
Possible additional beneficiaries to be identified in the future

ESD\* Investment: A grant of \$125 million to be used for construction costs.

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

Project Location: Riverbend Park, South Park Avenue, Buffalo, Erie County

Proposed Project: Establish the Buffalo High-Tech Manufacturing Innovation Hub at RiverBend Park ("RiverBend")

Project Type: Business attraction

Regional Council: The Western New York ("WNY") Regional Economic Development Council oversees the implementation of the Buffalo Billion Investment Development Plan. This project is part of Governor Cuomo's Buffalo Billion Initiative to promote advanced technology, manufacturing and smart growth; increase highly-skilled jobs; and maintain and attract young people to the WNY Region.

Employment Goals: Initial employment at time of application to ESD: 0  
Current employment level: 0  
Projected employment on January 1, 2020: 3,000\*

\* Employees will be on the Beneficiaries' payroll including SolarCity, Silevo, and possible additional beneficiaries to be named in the future.

## II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Construction Costs	<u>\$125,000,000</u>

Total Project Costs	<u>\$125,000,000</u>
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<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant (Z733)	<u>\$125,000,000</u>	<u>100%</u>

Total Project Financing	<u>\$125,000,000</u>	<u>100%</u>
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## III. Project Description

### A. Grantee

Industry: Real Estate Development

Company History: Authorized by Chapter 530 of the Laws of 2010, FSMC was formed by the State University of New York Research Foundation, in partnership with the State University of New York Polytechnic Institute ("SUNY Polytechnic") to facilitate nanotechnology and semiconductor development. FSMC is authorized to purchase, construct, develop and manage facilities co-located with the SUNY Polytechnic educational campus at the SUNY Polytechnic Marcy Technology Complex as well as ground sub-lease the property west of Edic Road constituting the Marcy Nanocenter project to Mohawk Valley Economic Development Growth Enterprises ("EDGE") to attract nanomanufacturing operations by a commercial partner.

The CNSE is a global education, research, development, and technology

deployment resource dedicated to preparing the next generation of scientists and researchers in nanotechnology. Since its inception in 2004, it has been leveraging its resources in partnership with business and government to support accelerated high technology education and commercialization, and seeks to create jobs and economic growth for nanotechnology-related industries.

Ownership: The Grantee is a not-for-profit organization.

Market: Worldwide advanced technology industries

ESD Involvement: In November 2013, the Governor announced a \$225 million award from the Buffalo Billion Initiative for RiverBend, a \$1.7 billion public and private-sector partnership to convert a vacant former manufacturing site into a 280,000-square-foot state-of-the-art hub campus for high-tech and green energy manufacturing businesses, strategically located in a newly-developed “smart growth” urban commerce park with multi-modal transportation opportunities. Initially, two California-based clean energy companies, Soraa and Silevo, Inc. (“Silevo”) would serve as the anchor tenants by relocating major parts of their respective operations to Buffalo.

In June 2014, one of the initial anchor tenants, Silevo, a manufacturer of hybrid solar cells, merged with and became a wholly-owned subsidiary of SolarCity (San Mateo, CA). SolarCity, the nation’s largest rooftop solar power provider, notified ESD of its intent to triple the initial RiverBend project, constructing a 1.2-million-square-foot facility to house the largest solar panel factory in the Western Hemisphere. In September 2014, the Governor announced an additional \$125 million award (cumulative \$350 million) for the expanded project, which is anticipated to result in a \$5 billion private investment over the next ten years. Once fully constructed, RiverBend is expected to house multiple industry-related companies. Solar Frontier (Japan) has already expressed an interest in establishing a solar modules facility at RiverBend, as well as a North American headquarters at SUNY Polytechnic Institute (Utica, NY).

A \$118 million award was approved by the ESD Directors in March 2014 to reimburse FSMC for planning/design costs and machinery and equipment acquisition, and \$107 million was approved in June 2014 to reimburse FSMC for real estate acquisition, site and infrastructure development, and facility construction. This request represents Governor Cuomo’s pledge to provide an additional \$125 million to reimburse FSMC for real estate acquisition and facility construction.

Past ESD Support: Over the past five years, funding to the Grantee is summarized as follows:

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration or Job Requirement)	Purpose
Local Assistance	V062	\$2,250,000	October 2009 (\$4M was originally awarded to EDGE in May 2007)	May 2011	Working Capital Grant – Advanced rent payment to FSMC for the 15-year ground lease of the Marcy Nanocenter site by EDGE.
New York State Economic Development Assistance Program	W277	\$1,300,000	November 2009 (\$10M was originally awarded to EDGE in September 2008)	March 2013	Capital Grant – \$1.3 M for design and construction of the 300mm wafer clean room for the Computer Chip Commercialization Center ("Quad C").
Economic Transformation Program	X812	\$15,000,000	November 2003	December 2014	Capital Grant – Construction of the 253,000-square-foot Quad C.
State and Municipal Facilities Program	Y728	\$20,000,000	January 2014	December 2014	Capital Grant – Purchase and install new advanced technology semiconductor packaging equipment and construction of the Quad C.
Buffalo Regional Innovation Cluster	Y365	\$50,000,000	March 2014	December 2019	Capital Grant – Real estate and equipment acquisition to establish the Buffalo Medical Innovation and Commercialization Hub.
	Y962	\$118,000,000	March 2014	December 2019	Capital Grant – Design and planning costs and new machinery and equipment to establish the Buffalo High-Tech Manufacturing Innovation Hub at RiverBend Park.

Program	Project #	Amount	Date Start (ESD Directors' Approval date)	Date End (Project Completion: Contract Expiration or Job Requirement)	Purpose
Buffalo Regional Innovation Cluster	Z328	\$107,000,000	June 2014	December 2019	Capital Grant – Real estate acquisition, site and infrastructure development, and construction costs to establish the Buffalo High-Tech Manufacturing Hub at RiverBend Park.
	Z254	\$55,000,000	June 2014	December 2019	Capital Grant – Real estate acquisition and renovation and the acquisition and installation of new equipment and software to establish the Buffalo Information Technologies Innovation and Commercialization Hub.
Regional Council Capital Fund	Z054	\$3,100,000	April 2015	December 2019	Capital Grant – Construction and fit-out of the Quad C
Nano Utica	Y729	\$180,000,000	April 2015	December 2019	Capital Grant – Construction and fit-out of the Quad C

**B. Beneficiary – SolarCity**

**Industry:** SolarCity designs and installs solar energy systems, performs energy efficiency audits and retrofits, and builds charging stations for electric vehicles.

**History:** SolarCity was established by two brothers in 2006 and is now the nation's largest solar provider. In 2014, SolarCity acquired Silevo, a manufacturer of hybrid solar cells which convert solar energy into electricity, known as photovoltaic applications, ultimately used in high-performance, low cost solar panels. Silevo maintains California headquarters, but will produce its revolutionary Triex solar cell, a hybrid technology with high voltage, long lifespan, excellent junction quality, and temperate efficiency, at RiverBend.

**Ownership:** The Company is privately owned.

**Size:** SolarCity serves customers in 15 states with over 45 operations centers

across the U.S. and has over 6,000 employees.

Market: SolarCity makes clean solar energy available to homeowners, businesses, schools, and other organizations at a lower cost compared to fossil fuel energy.

C. The Project

Completion: Q3 2016

Activity: The \$125 million project involves construction of an approximate 1.2-million-square-foot, tenant-ready, photovoltaic panel manufacturing facility.

The real estate was acquired in 2014 and site/infrastructure improvements to the site and facility construction are currently underway. As of May 2015, a majority of the manufacturing facility was under construction with over half of the 6,000 pile foundations drilled and placed to support a high-bay steel structure and concrete slabs on grade. Site utility and rough-in plumbing systems for venting and drainage are currently being installed and framing for the Central Utility Building (CUB) is proceeding as planned. The roofing system has been bid with placement of an LEED approved system underway. Core and shell systems are approaching 100% design and will be bid by summer 2015. The facility is expected to be enclosed by winter 2015; tool equipment installation and start-up planned for fall 2016; and full production capacity expected by the first quarter of 2017.

FSMC will own the property and real estate improvements. SolarCity, through its wholly owned subsidiary, Silevo, will establish and operate a development, manufacturing, and commercialization gigafactory facility with the annual capacity to produce enough solar panels to generate 1,000 megawatts of electricity. The newly-constructed 1.2-million-square foot building will include 850,000 square feet of manufacturing space; 100,000 square feet of office space; and 250,000 square feet to house specialized green-technology equipment including a water purification plant capable of treating water to 1 micron of impurity; a wastewater treatment operation to recycle approximately 75% of wastewater which will be reused by RiverBend operations; and electrical, chemical, and industrial gas storage. Solar panels will be incorporated throughout the facility's 850-space parking lot and greenspace areas.

Results: The project is anticipated to establish Buffalo as a nexus for advanced research and manufacturing for clean energy technologies thereby attracting businesses, including suppliers and servicing companies, from



around the world; promote smart growth by transforming a vacant manufacturing site in a distressed area that was previously owned by Republic Steel into a vibrant hub of technology; spur adjacent private-sector investment for consumables, amenities, and services; increase demand for local housing; and attract and retain people to the WNY Region by providing highly-skilled and unskilled employment opportunities; and result in an approximate \$5 billion private investment by the Beneficiaries over the next ten years.

Although there is no job creation or retention requirements for this project, this effort is expected to create more than 3,000 permanent jobs in Buffalo and 2,000 elsewhere in the state with annual salaries ranging from \$45,000 to \$90,000. In the event that the Beneficiaries are unable to meet their commitments, the real estate and equipment will remain the property of the state through FSMC

SolarCity is expected to offer solar energy systems at a reduced cost due to high volume production.

#### Infrastructure

Investment Project: Benefit-Costs Evaluations are used in evaluating projects that are categorized as Business Investment, Infrastructure Investment, and Economic Growth Investment and that involve 1) job retention and/or creation and/or 2) construction-related activity. For Business Investment projects, benefits typically reflect the impact of both jobs and construction-related activity. For Infrastructure Investment and Economic Growth Investment projects, which generate long-term benefits not captured in the period of analysis and may involve no permanent job commitments, the estimated benefits typically reflect only construction-related activity.

- Fiscal benefits to NYS government from the project are estimated at \$8,073,934;
- Fiscal cost to NYS government is estimated at \$125,000,000;
- Ratio of project fiscal benefits to costs to NYS government is 0.06:1;
- Fiscal benefits to all governments (state and local) are estimated at \$14,117,302;
- Fiscal cost to all governments is \$125,000,000;
- The ratio of project fiscal benefit to cost ratio to all governments is 0.11:1;
- Economic benefits (total fiscal plus total net resident disposable income from project construction employment) are estimated at \$106,500,471;
- The economic benefit to cost ratio is 0.85:1;

- Project construction cost is \$125,000,000 which is expected to generate 1,161 direct job years and 741 indirect job years of employment;
- The payback period for NYS costs is not calculated.

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

Grantee Contact: Mr. Scott Bateman, Assistant Treasurer  
257 Fuller Road  
Albany, NY 12203  
Phone: (518)437-8689

ESD Project No.: Z733

Project Team:	Origination	Christina Orsi
	Project Management	Jean Williams
	Legal	Steve Gawlik
	Contractor & Supplier Diversity	Vikas Gera
	Finance	Jonevan Hornsby
	Design & Construction	Dennis Conroy
	Environmental	Soo Kang

#### D. Financial Terms and Conditions

1. Upon execution of the grant disbursement agreement, the Grantee shall reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will demonstrate no materially adverse changes in its financial condition prior to disbursement.
3. Up to \$125 million will be deposited into an account (the "Imprest Account") at a bank mutually acceptable to ESD (as set forth in writing by ESD) and the Grantee. Funds in the Imprest Account, from the time of deposit and until disbursed from such account in accordance with terms approved by the ESD Directors, will be invested in accordance with ESD's Investment Guidelines. Funds from the Imprest Account will be used during the course of site and infrastructure development and facility construction. ESD shall be provided with copies of all account statements and reports in accordance with the reporting requirement. Interest earned on the funds deposited in the Imprest Account must be returned to ESD quarterly.

Funds will be deposited in the Imprest Account in three installments as follows:

- a) An Initial Disbursement of \$60 million will be deposited as an advance in the Imprest Account upon ESD's receipt of an invoice and other documentation as



ESD required. The Grantee may, no more frequently than monthly, seek authorization to release funds from the Imprest Account to pay for invoices due and payable during the course of site and infrastructure development and facility construction, in compliance with ESD Design and Construction Requirements, assuming all project approvals have been completed and funds are available. Each subsequent disbursement request from the Imprest Account will include the current month's invoices and proof of payment for invoices submitted for the previous month.

- b) A Second Disbursement of \$60 million will be deposited as an additional advance in the Imprest Account upon full documentation of eligible expenditures of at least 75% of the Initial Disbursement (\$45 million). The Grantee may, no more frequently than monthly, seek authorization to release funds from the Imprest Account to pay for invoices due and payable during the course of site and infrastructure development and facility construction, in compliance with ESD Design and Construction Requirements, assuming all project approvals have been completed and funds are available. Each subsequent payment requisition will include the current month's invoices and proof of payment for invoices submitted for the previous month.
- c) A Final Disbursement of \$5 million will be deposited as an additional advance in the Imprest Account upon full documentation of eligible expenditures of 100% of the First Disbursement and at least 75% of the Second Disbursement (\$90 million cumulative). The Grantee may, no more frequently than monthly, seek authorization to release funds from the Imprest Account to pay for invoices due and payable during the course of site and infrastructure development and facility construction, in compliance with ESD Design and Construction Requirements, assuming all project approvals have been completed and funds are available. Each subsequent payment requisition will include the current month's invoices and proof of payment for invoices submitted for the previous month.

Payments will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenditures reimbursed by ESD's grant must be incurred on or after September 23, 2014 to be considered eligible project costs. All disbursements must be requested by April 1, 2019.

Within 12 months of the Final Disbursement, ESD will require full documentation of eligible expenditures including invoices and proof of payment of 100% of the Initial Disbursement, Second Disbursement, and Final Disbursement (\$125 million cumulative).

- 4. ESD will be entitled to recoup any advanced funds that are not disbursed by Grantee to vendors by June 30, 2019.
- 5. There is no recapture based on the created jobs.
- 6. ESD may reallocate the project funds to another form of assistance, at an amount no

greater than \$350 million (the cumulative ESD contribution approved to date) for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

#### IV. Statutory Basis – Buffalo Regional Innovation Cluster

The project was authorized in the 2014-2015 New York State budget and re-appropriated in the 2015-2016 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

#### V. Design and Construction

ESD's Design & Construction ("D &C") staff will review the Project Plan, Scope, Budget/Design Development Estimates, and proposed Schedule & Bid Packages. D&C shall be apprised of progress throughout site development and building construction phases and shall receive a copy of Meeting Minutes/OAECM and periodic project status reports. D&C will visit the Project Location at its option, attend meetings, review payment requisitions and recommend payment when its requirements have been met per the Grant Disbursement Agreement.

#### VI. Environmental Review

Pursuant to the State Environmental Quality Review Act ("SEQRA"), Article 8 of the Environmental Conservation Law and its implementing regulations (6 NYCRR Part 617), and in connection with the approval of funding for the RiverBend project, the Directors made a Determination of No Significant Effect on the Environment at their meeting of June 27, 2014. Since the issuance of the determination, the SUNY Polytechnic Institute, as lead agency, performed a review of the changes to the project, which will now consist of 1.2 million square feet of manufacturing space. This review determined that the project would continue to not have a significant effect on the environment. ESD staff reviewed the supporting materials and concurs. Therefore, the Directors are requested to affirm the Determination of No Significant Effect on the Environment.

#### VII. Non-Discrimination and Contractor & Supplier Diversity

ESD's Non-Discrimination and Contractor & Supplier Diversity policies will apply to this Project. The Recipient shall be required to include minorities and women in any job opportunities created, to solicit and utilize Minority and Women Business Enterprise (MWBEs) for any contractual opportunities generated in connection with the Project and shall be required to use Good Faith Efforts (pursuant to 5 NYCRR §142.8) to achieve an overall MWBE Participation Goal of 40%. The overall goal shall include a Minority Business Enterprise ("MBE") Participation Goal of 20% and a Women Business Enterprise ("WBE") Participation Goal of 20% related to the total value of ESD's funding.

### VIII. Smart Growth Public Infrastructure Review

Pursuant to the requirements of the State Smart Growth Public Infrastructure Policy Act (the "SG Act"), and in connection with the previous approval of funding for the RiverBend Park project approved by the Directors on June 27, 2014, ESD's Smart Growth Advisory Committee reviewed a Smart Growth Impact Statement ("SGIS"). This review found that the project is consistent with the State Smart Growth Public Infrastructure Criteria ("Smart Growth Criteria"). The designee of the Chief Executive Officer of the Corporation attested that the project, to the extent practicable, meet the relevant Smart Growth Criteria set forth in the SG Act. Therefore, no further smart growth public infrastructure review is required in connection with this action.

### IX. ESD Financial Assistance Subject to Availability of Funds and Additional Approval

The provision of ESD financial assistance is contingent upon the availability of funds and the approval of the State Division of the Budget.

### X. Additional Submissions to Directors

Resolutions  
New York State Map  
Project Photographs  
Project Finance Memorandum  
Benefit-Cost Analysis



Buffalo Billion Initiative – Buffalo (Western New York Region – Erie County) – Fort Schuyler Management Corporation/RiverBend Park Capital – Buffalo Regional Innovation Cluster (Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Adopt the Proposed General Project Plan; Authorization to Make a Grant and to Take Related Actions

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RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Fort Schuyler Management Corporation/Riverbend Park Capital – Buffalo Regional Innovation Cluster (Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Section 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

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

RESOLVED, that upon written finding of the President and Chief Executive Officer of the Corporation or his designee(s) that no substantive negative testimony or comment has been received at the public hearing held on the Plan, such Plan shall be effective at the conclusion of such hearing, and that upon such written finding being made, the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Fort Schuyler Management Corporation a grant for a total amount not to exceed One Hundred Twenty Five Million (\$125,000,000) from the Buffalo Regional Innovation Cluster, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

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

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

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

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