



BOARD OF DIRECTORS MEETING

September 12, 2019

4:00 PM

NFE 2107

AGENDA

1. Call to order
2. Approval of Minutes of June 24, 2019 Meeting
3. Audit Committee
 - Resolution No. 185 - Annual Audit Report
 - Engagement of Auditor
4. Finance Committee
 - Resolution No. 186 - Annual Plan
5. New Business
6. Public Comment
7. Next Board of Directors meeting: TBD
8. Adjournment



MINUTES

Fort Schuyler Management Corporation Meeting of the Board of Directors June 24, 2019 – CNSE Nano Fab East Conference Room 2107

Directors present: Robert Geer, Kenneth Tompkins, Joan McDonald by video, and Kristin Proud.

Staff: Douglas Grose – President, Scott Bateman –Treasurer, Cheryl Casey-Rose – Board Secretary, and Patricia Bucklin.

Guests: Emily Kunchala – Research Foundation for SUNY

1. Call to Order

- Ms. Proud called the meeting of the Board of Directors of Fort Schuyler Management Corporation (FSMC) to order at 10:46 AM.
- Ms. Proud welcomed Emily Kunchala of The Research Foundation.
- Ms. Proud asked if any directors had a conflict of interest, and if so, that the conflict be disclosed. There were none.

2. Review/approval of May 14, 2019 meeting minutes

- Ms. Proud asked for a motion to approve the Minutes of May 14, 2019 meeting. A motion to approve was made by Robert Geer and seconded by Kenneth Tompkins. The minutes were approved as presented.

3. Audit Committee Report – Kristin Proud

- Approval of Insurance Renewals

Ms. Proud asked for a motion to consider approval of Insurance Renewals.

Motion: Kenneth Tompkins

Second: Robert Geer

FSMC seeks to renew its various lines of insurance for the period commencing on July 1, 2019. FSMC's insurance broker, Amsure, conducted a competitive outreach process and prepared a proposed Insurance and Risk Management Program for FSMC. Amsure is an

independent risk management and insurance advisory firm that represents over 20 different insurance carriers. A summary of the proposed program is in the materials provided to the Board of Directors. As noted in the summary, the aggregate costs for 2019 have increased by \$231,399 from last year. The President and Treasurer recommend that the Corporation secure the insurance renewals as described in the summary.

The FSMC Audit Committee approved a resolution approving the insurance renewals as described in the summary, authorizing the President and/or Treasurer to approve the insurance renewals and to take any and all actions necessary and appropriate to effectuate such actions, and recommending that the Board approve the foregoing actions.

Requested Action:

Approve a resolution approving the insurance renewals as described in the summary, and authorizing the President and/or Treasurer to approve the insurance renewals and to take any and all actions necessary and appropriate to effectuate such actions.

Discussion: Kenneth Tompkins asked if rates are driven by assets? Scott Bateman responded that they are mainly driven by the assets of the corporation.

Vote:

Ayes: 4, Nays: 0, Abstentions: 0.

5. New Business: None.
6. Public Comment: None
7. Next Board of Directors meeting: TBD
8. Adjournment:
 - There being no further business to come before the Board, Kristin Proud asked for a motion to adjourn. Kenneth Tompkins moved to adjourn and Robert Geer seconded the motion. The meeting was adjourned at 10:50 AM.

Respectfully Submitted,

Cheryl Casey-Rose
Secretary of the Board

RESOLUTION OF THE BOARD OF DIRECTORS OF
FORT SCHUYLER MANAGEMENT CORPORATION

September 12, 2019

RESOLUTION NO:185

APPROVAL OF 2017-18 ANNUAL AUDIT

WHEREAS, the Fort Schuyler Management Corporation (the "Corporation") is charged with directing the management of the operations, property, affairs and concerns of the Corporation;

WHEREAS, pursuant to the Bylaws of the Corporation, the financial records and accounts of the Corporation shall be audited annually, or at such other times as directed by the Board of Directors, by a certified public accountant or firm thereof designated for the purpose by the Board of Directors;

WHEREAS, a 2017-18 Annual Audit was conducted and prepared by a certified independent public accounting firm designated for such purpose by the Board of Directors and a draft was submitted to the Audit Committee of the Corporation for review and approval;

WHEREAS, upon a motion duly made and seconded, the 2017-18 Annual Audit was approved by the Audit Committee, subject to and conditional upon completion of the remaining administrative items discussed with the Audit Committee by management and the certified independent accounting firm to the satisfaction of the Chair of the Audit Committee, with a recommendation that the 2017-18 Annual Audit be approved by the Board of Directors with the same conditions;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CORPORATION, AS FOLLOWS:

SECTION 1: APPROVAL OF ANNUAL AUDIT. The Fort Schuyler Management Corporation Board of Directors hereby approves the 2017-18 Annual Audit, subject to and conditional upon completion of the remaining administrative items discussed with the Audit Committee by management and the certified independent accounting firm to the satisfaction of the Chair of the Audit Committee.

SECTION 2: EFFECTIVE DATE. This Resolution shall take effect immediately.

To: Fort Schuyler Management Corporation Board of Directors
Re: Authorization to Engage KPMG for Audit and Review of Tax Filings

Background:

Section 5 of Article VIII of the Bylaws of the Fort Schuyler Management Corporation (“FSMC”) provides that “[t]he financial records and accounts of the Corporation shall be audited annually, or at such other times as directed by the Board of Directors, by a certified public accountant or firm thereof designated for the purpose by the Board of Directors.” FSMC seeks authorization to engage KPMG to audit its financial statements and review its tax filings for the year ending June 30, 2019. The tax filings include IRS Forms 990 and 990T and NY CHAR 500 and CT-13.

KPMG has performed the FSMC audit since 2013 and reviewed its tax filings since 2010. Given KPMG’s work on and familiarity with FSMC’s finances and tax filings, which cover the same time period, KPMG has the unique knowledge and ability to perform the needed review in a thorough and expeditious manner. Accordingly, FSMC seeks to engage KPMG based on a single source justification to conduct its audit and review its tax filings for the year ending June 30, 2019. There is no increase from the prior year in the base fee for the audit. There is a \$500 increase from the prior year in the fee for review of the tax filings.

The Audit Committee approved a resolution (1) approving the engagement of KPMG to audit FSMC’s financial statements and review its tax filings for the year ending June 30, 2019, (2) authorizing the President and/or Treasurer to take any and all actions necessary and appropriate to effectuate such action, and (3) recommending that the Board approve the foregoing actions.

Requested Action:

Adopt a resolution (1) approving the engagement of KPMG to audit FSMC’s financial statements and review its tax filings for the year ending June 30, 2019, and (2) authorizing the President and/or Treasurer to take any and all actions necessary and appropriate to effectuate such action.

RESOLUTION OF THE BOARD OF DIRECTORS OF
FORT SCHUYLER MANAGEMENT CORPORATION

September 12, 2019

RESOLUTION NO: 186

ADOPTION OF 2019-20 ANNUAL PLAN

WHEREAS, the Fort Schuyler Management Corporation (the "Corporation") is charged with directing the management of the operations, property, affairs and concerns of the Corporation;

WHEREAS, pursuant to the Bylaws of the Corporation, there shall be submitted to the Board of Directors by the President, for its approval, an annual plan which shall set forth all anticipated revenues and expenditures and indicate (a) the current fiscal year, showing approved expenditure levels (including approved changes) and estimated income and expenditures through the end of each period; (b) the prior fiscal year, showing actual income and expenditures for such period; and (c) the next ensuing fiscal year showing estimated income and proposed expenditures for each;

WHEREAS, a 2019-20 Annual Plan was submitted to the Finance Committee of the Corporation upon the recommendation of management and Finance staff and, upon a motion duly made, was approved by the Finance Committee with a recommendation that it be approved by the Board of Directors;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CORPORATION, AS FOLLOWS:

SECTION 1: APPROVAL OF ANNUAL PLAN. The Fort Schuyler Management Corporation Board of Directors hereby approves the 2019-20 Annual Plan.

SECTION 2: EFFECTIVE DATE. This resolution shall take effect immediately.

2019-20 ANNUAL PLAN

I. Background

Fort Schuyler Management Corporation (FSMC) is an affiliate of the Research Foundation for the State University of New York (RF) and the SUNY Poly Foundation. FSMC is a not-for-profit company as defined by Section 501 (c)(3) of the Internal Revenue Code. FSMC's mission is to help facilitate research and economic development activities related to the mission of SUNY and SUNY Polytechnic Institute (SUNY Poly) by purchasing, constructing, developing and managing facilities and promoting research.

FSMC's bylaws require an Annual Plan to be presented and adopted by the FSMC Board of Directors for each corporate fiscal year, which begins on July 1 of each year. The Annual Plan compares actual revenues and expenses of the prior fiscal year to the prior fiscal year budget, provides budgeted revenue and expenses for the upcoming fiscal year, and summarizes FSMC's fiscal year accomplishments.

II. Fiscal Year 2018-19 Accomplishments

During 2018, Empire State Development (ESD) and SUNY announced their intention to create the New York Center for Research, Economic Advancement, Technology, Engineering and Science Corporation (NY CREATES), a public-private-academic partnership to lead industry-driven research and development and economic development projects. The new not-for-profit corporation will assume control of FSMC and Fuller Road Management Corporation (FRMC) and SUNY Poly's economic development portfolio. SUNY Poly will continue to manage its academic operations. NY CREATES also will strengthen the State's high-tech economy by working with other in-state universities to advance research and development projects and to develop strategic assets that support the growth of high-tech companies across the State.

NY CREATES will have a single Board of Directors that will include the CEO of ESD and the SUNY Chancellor as ex-officio members. ESD and SUNY have also announced that Douglas A. Grose, an industry veteran and the former CEO of Global Foundries, will lead the new corporation. Mr. Grose was appointed President of FSMC and FRMC on June 1, 2018, and he will serve as President of NY CREATES when the new corporation is established.

The announcement to form NY CREATES follows other FSMC corporate governance changes that

were made during the 2016-17 fiscal year to ensure greater transparency and accountability. FSMC's bylaws were amended to enable ESD's CEO to serve as a non-voting, advisory representative of the FSMC Board of Directors and to nominate one of the four directors appointed by each member. FSMC's amended bylaws also provide for an Audit Committee with independent directors, voluntary compliance with key provisions of the Open Meetings Law, and other corporate reforms. The Board also passed resolutions adopting the following policies to guide all aspects of FSMC's operations:

1. Acquisition and Disposition of Real Property Policy;
2. Conflicts of Interest and Related Party Transaction Policy;
3. Procurement Guidelines Policy;
4. Records Access Policy;
5. Whistleblower Policy and Procedures;
6. Risk Management and Insurance Policy; and
7. Debt Management Policy

During the 2018-19 fiscal year, Danfoss Silicon Power LLC (Danfoss), a leading manufacturer of power modules used in a wide variety of applications for the industrial, renewable energy and automotive sectors, commenced manufacturing operations at the Quad-C facility in Utica. Danfoss has leased the entire Quad-C facility and is expected to employ at least 300 people at the Quad-C facility within the first five years of operation.

In February 2018, FSMC entered into a Contribution Agreement with ESD and NexGen Power Systems, Inc. (NexGen) providing that the parties will work together to establish a manufacturing and research development center for NexGen on property owned by FSMC in the Town of DeWitt. Pursuant to the Contribution Agreement, ESD provided grant funding for improvements to the building located at 50 Collamer Crossings Parkway and for the purchase of manufacturing equipment. NexGen entered into a long-term lease with FSMC for the building. The company commenced operations in spring 2019 and is expected to create 290 jobs over a seven-year period.

In addition, FSMC is in the process of developing a manufacturing hub in Plattsburgh for Norsk Titanium to produce titanium aircraft components. The new facility, which is expected to be completed later this year, will include up to 100,000 square feet of space for Norsk's manufacturing operations and offices. Norsk also is leasing 70,000 square feet of a nearby facility. The total project is expected to generate 383 high-tech jobs and generate \$875 million of private spending over ten years.

Several significant projects in Buffalo are now operational. The largest such project is the 1.2 million square foot clean energy product manufacturing facility at Riverbend, which is operated by Silevo, LLC, its affiliates including Tesla, and Panasonic. Over the next five years the project is

expected to bring approximately \$2 billion in private company spending and create 3,460 new jobs in the State of New York, including 1,460 jobs in the City of Buffalo. Silevo, LLC, its affiliates including Tesla, and Panasonic occupy the facility. To preserve the property's tax-exempt status, FSMC transferred the facility and the land to ESD and ESD leased the property back to FSMC for a period of ten years, at which time ESD will transfer the property back to FSMC.

In addition, the Buffalo Medical Innovation and Commercialization Hub project was recently completed. This initiative included the build-out of space in Buffalo's Conventus building for two health care industry companies. These include (1) Albany Molecular Research, Inc. (AMRI) a global contract research and manufacturing organization that has been working with the pharmaceutical and biotechnology industries; and (2) Athenex, Inc., a global biopharmaceutical company specializing in developing the next generation of therapies for cancer diseases. This project includes 51,000 square feet of lab and office space for AMRI, and 47,000 square feet of space for Athenex, which serves as the company's North American headquarters. AMRI is expected to create 55 jobs over seven years. Athenex is expected to create 250 jobs over five years and spend at least \$100 million over ten years.

During the 2018-19 fiscal year, construction of an approximately 315,000 square-foot, state-of-the-art pharmaceutical manufacturing facility for Athenex commenced in Dunkirk, New York. The new facility, which will be completed in 2020 and will be owned by FSMC, is being funded under a separate ESD grant to Athenex. Athenex is expected to employ 450 individuals and spend \$1.52 billion at the project location over ten years.

FSMC also continued to lease space for the Buffalo IT Innovation and Commercialization Hub, which is led by IBM and consists of multiple floors of condos owned by FSMC in the Key Tower complex in Buffalo. Overall, the site is expected to create 500 jobs over seven years.

III. Summary of the 2018-19 Actuals and 2019-20 Annual Plan

The Annual Plan for the 2018-19 assumed a \$171,775 surplus. FSMC's actual surplus was \$443, reflecting a combination of operating aid and use of prior year surplus that was, in total, lower than expected.

The Annual Plan for the 2019-20 fiscal year includes total revenue of \$19.6MM, including \$12.9MM of operating support. The significant increase in operating support from the prior year reflects increased FSMC operating expenses. It also assumes the use of \$194,417 of prior year surplus, and operating expenses and debt service of \$19.8MM.

The FSMC 2019-20 budget was prepared on a conservative basis. We will continue to work diligently to improve FSMC's financial condition.



2019 -2020 Proposed Annual Plan Summary of Revenue and Expenses for All Facilities

Description	2017 - 2018 Actual	2018 - 2019 Budget	2018 - 2019 Projected	Proposed
				2019 -2020 Plan
Support and Revenue				
Building Rental	3,810,520	5,255,412	5,274,044	6,724,679
Insurance D&O	148,930	83,750	58,137	10,000
Operating Support	6,000,000	1,950,000	2,300,000	12,900,000
NYSERDA Rebates	375,944	75,240	144,375	-
Interest income	141	145	-	-
Total Support and Revenue	10,335,535	7,364,547	7,776,556	19,634,679
Operating Expenses				
Personnel	181,540	329,191	365,184	1,714,291
Operations	3,234,481	4,745,355	4,824,733	5,242,429
Utilities	144,653	79,360	81,860	85,953
Professional Fees	1,750,520	749,910	778,064	734,805
Taxes	1,304,671	580,146	486,394	490,371
Capital Projects / Purchases	2,033,004	212,000	198,214	571,386
Total Operating Expenses	8,648,869	6,695,962	6,734,449	8,839,235
Net Operating Income	1,686,666	668,585	1,042,107	10,795,444
Debt Service				
Principal	1,520,734	1,613,361	1,613,358	10,021,995
Interest	170,933	132,742	128,306	943,254
Total Debt Service	1,691,667	1,746,103	1,741,664	10,965,249
Budgeted Surplus	(5,001)	(1,077,518)	(699,557)	(169,805)
Prior Year Surplus	1,254,294	1,249,293	700,000	194,417
Budgeted Surplus Net of Prior Year	1,249,293	171,775	443	24,612