



## BOARD OF DIRECTORS MEETING

September 26, 2018

2:30 PM

NFE 2107

### AGENDA

1. Call to order
2. Approval of Minutes of June 27, 2018 Meeting
3. Finance Committee
  - Resolution No. 179 Authorization of President to Form Advisory Bodies
  - Utility Easement for Dunkirk Property
4. Audit Committee
  - Engagement of Auditor
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 27, 2018 – CNSE Nano Fab East Conference Room 2107**

Directors present: Robert Samson, Kristin Proud, Franklin Hecht, Ken Tompkins, Joan McDonald (by video).

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

Guests: Keith Palmer – RF SUNY.

#### **1. Call to Order**

- Chair Robert Samson called the meeting of the Board of Directors of Fort Schuyler Management Corporation (FSMC) to order at 2:16 PM.
- Chair Samson welcomed Keith Palmer of The Research Foundation.
- Chair Samson asked if any directors had a conflict of interest, and if so, that the conflict be disclosed. There were none.

#### **2. Review/approval of June 1, 2018 meeting minutes**

- Chair Samson asked for a motion to approve the Minutes of the June 1, 2018 meeting. A motion to approve was made by Ken Tompkins and seconded by Joan McDonald. The minutes were unanimously approved as presented.

#### **3. Audit Committee Report – Kristin Proud**

- Chair Samson asked for a motion to consider approval of the insurance renewals. Kristin Proud moved for consideration and Ken Tompkins seconded the motion.
- FSMC seeks to renew its various lines of insurance for the period commencing on July 1, 2018. 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 2018 have decreased by \$2,121 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, 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.

Chair Samson asked if there were any questions or discussion. There were none.

Chair Samson asked for a motion to approve the insurance renewals as described in the summary provided to the Board, 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.

Motion: Kristin Proud  
Second: Franklin Hecht

Vote: Ayes: 5, Nays: 0, Absentions: 0.

The motion to approve the insurance renewals was passed unanimously.

4. New Business: None.

5. Public Comment: None

6. Next Board of Directors meeting: TBD

7. Adjournment:

- There being no further business to come before the Board, Chair Samson asked for a motion to adjourn. Franklin Hecht moved to adjourn and Kristin Proud seconded the motion. The meeting was adjourned at 2:19 PM.

Respectfully Submitted,

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Cheryl Casey-Rose  
Secretary of the Board

**To: Fort Schuyler Management Corporation Board of Directors**  
**Re: Authorization for President to Form Advisory Bodies**

**Background:**

Fort Schuyler Management Corporation (“FSMC”) seeks authorization for the President to form and terminate advisory bodies from time to time as the President deems appropriate in order to assist the President and staff with business strategies and guidance on emerging technology ideas, markets and partnerships that would further FSMC’s mission. The advisory bodies established by the President will not be given access to any confidential or proprietary information of FSMC and will not be provided the power to act on behalf of or represent FSMC in any manner. It is envisioned that the President will from time to time establish such advisory bodies by invitation to be comprised of volunteer members from academic institutions, public entities and high-tech companies.

The FSMC Finance Committee approved Resolution No.179 authorizing the President to form and terminate advisory bodies from time to time as the President may deem appropriate for the sole purpose of receiving advice and guidance, and recommending that the Board approve the same.

**Requested Action:**

Approve Resolution No.179 authorizing the President to form and terminate advisory bodies from time to time as the President may deem appropriate for the sole purpose of receiving advice and guidance.

RESOLUTION OF THE BOARD OF DIRECTORS OF  
FORT SCHUYLER MANAGEMENT CORPORATION

September 26, 2018

RESOLUTION NO:179

AUTHORIZATION FOR PRESIDENT TO FORM ADVISORY BODIES

WHEREAS, the Fort Schuyler Management Corporation's (the "Corporation") mission includes advancing high-tech research, development, and commercialization opportunities through the acquisition, construction, and management of state-of-the-art facilities, while promoting economic development and education and workforce training; and

WHEREAS, in order to assist the Corporation's President and staff with business strategies and guidance on emerging technology ideas, markets and partnerships that would further the Corporation's mission, the President desires to establish by invitation advisory bodies from time to time comprised of volunteer members from academic institutions, public entities and high-tech companies; and

WHEREAS, in furtherance of promoting the President and staff to develop such strategies and ideas for the advancement of the Corporation's mission, the Corporation hereby desires to authorize the President to establish advisory bodies from time to time;

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

SECTION 1: The President is hereby authorized to form and terminate advisory bodies from time to time as he or she may deem appropriate for the sole purpose of receiving advice and guidance in furtherance of advancing the Corporation's mission.

SECTION 2: Any advisory body as may be established by the President hereunder shall neither have access to any confidential or proprietary information of the Corporation nor shall have any power to act on behalf of or represent the Corporation in any manner.

SECTION 3: EFFECTIVE DATE. This resolution shall take effect immediately.

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**To: Fort Schuyler Management Corporation Board of Directors**

**Re: Easement for Utilities at the Dunkirk site**

**Background:**

Fort Schuyler Management Corporation (“FSMC”) and Athenex, a global biopharmaceutical company based in Buffalo, New York, entered into an Agreement for Medical Technology Research, Development, Innovation, and Commercialization Alliance effective as of May 1, 2015, as amended by a First Amendment, effective as of July 21, 2015, and a Second Amendment, effective as of June 22, 2016 (the “Alliance Agreement”). The Alliance Agreement provides for the construction of an approximately 315,000 square foot state-of-the art pharmaceutical manufacturing facility and related infrastructure on approximately 33.5 acres on East Lake Road, Dunkirk, New York (“Premises”), which was acquired by FSMC for the project. Empire State Development (“ESD”) is providing Athenex with grant funds to be used for the purpose of constructing the facility and equipping it with manufacturing equipment.

Athenex was granted access to the premises pursuant to that Site Access Agreement dated August 9, 2017 (the “Site Access Agreement”) for pre-construction activities. In April 2018, by Resolution No. 175, the FSMC Board granted additional access to Athenex pursuant to the Site Access Agreement to permit Athenex to construct the manufacturing facility.

To support the facility, Niagara Mohawk Power Corporation seeks an easement for \$1.00 on .61 acres for the installation and maintenance of facilities for the transmission and distribution of high and low voltage electric current and for the transmission of intelligence and communication purposes.

The FSMC Finance Committee approved a resolution authorizing the President and/or Treasurer to grant an easement to Niagara Mohawk Power Corporation for the installation and maintenance of facilities for the transmission and distribution of high and low voltage electric current and for the transmission of intelligence and communication purposes, and to take related actions to implement the resolution, and recommending that the Board approve the same.

**Compliance with Acquisition and Disposition of Real Property Policy:**

The Acquisition and Disposition of Real Property Policy, adopted by the FSMC Board in Resolution No. 145 on February 22, 2017 requires that certain information be provided for the disposition of a beneficial interest in real property, which definition includes the granting of an easement.

(1) Full Description of the Asset – This is an easement for \$1.00 for Niagara Mohawk Power Corporation to install and maintain facilities for the transmission and distribution of high and low voltage electric current and for the transmission of intelligence and communication purposes on property owned by FSMC in Dunkirk, New York. The area of permanent easement is approximately .61 acres.

(2) Appraisal of the Fair Market Value of the Asset – Since this is not a sale but merely an easement for the installation of utilities that will support the construction of facilities on the site, an appraisal would be impractical and would not provide any relevant information.

(3) Description of the Transfer and a Reasonable Statement of the Kind and Amount of Benefit to the Public Resulting from the Transfer – This easement is for the installation and maintenance of facilities for the transmission and distribution of high and low voltage electric current and for the transmission of intelligence and communication purposes. This will support development of the site by Athenex for a state-of-the-art pharmaceutical manufacturing facility.

(4) Statement of the Value to be Received Compared to the Fair Market Value – This will support development of the site and costs will be funded by the grant.

(5) Names of Private Parties Participating in the Transfer – Niagara Mohawk Power Corporation.

(6) Names of Private Parties who have made an Offer for such Asset – None.

(7) Statement of Disposal by Negotiation – N/A

(8) Approvals – FSMC President Douglas Grose and Contracting Officer Scott Bateman approve the proposed easement. The President and CEO of Empire State Development also consents to the proposed easement, finding that the purpose of the proposed transfer is within the purpose or mission of FSMC and that there is no reasonable alternative to the proposed below market transfer that would achieve the same purpose of the transfer.

The FSMC Finance Committee approved a resolution (1) authorizing the President and/or Treasurer to grant an easement to Niagara Mohawk Power Corporation for the installation and maintenance of facilities for the transmission and distribution of high and low voltage electric current and for the transmission of intelligence and communication purposes, and to take related actions to implement the resolution, and (2) recommending that the Board approve the same.

### **Requested Action:**

Approve a resolution authorizing the President and/or Treasurer to grant an easement to Niagara Mohawk Power Corporation for the installation and maintenance of facilities for the transmission and distribution of high and low voltage electric current and for the transmission of intelligence and communication purposes, and to take related actions to implement the resolution.

**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, 2018. 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, 2018. The base fee for the audit includes a 3% increase from the prior year and the fee for review of the tax filings includes a 12.5% increase (\$1550) from the prior year due to the additional two tax filings for 2017.

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, 2018, (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:**

Approve a resolution approving the engagement of KPMG to audit FSMC’s financial statements and review its tax filings for the year ending June 30, 2018 and authorizing the President and/or Treasurer to take any and all actions necessary and appropriate to effectuate such actions.