



BOARD OF DIRECTORS MEETING

February 26, 2018

4:15 PM

NFE 2107

AGENDA

1. Call to order
2. Approval of Minutes of December 13, 2017 Meeting
3. Audit Committee Report
 - Resolution 170 – Approval of Audit
4. Finance Committee Report
 - Resolution 171 – Approval of NexGen Contribution Agreement and Lease
5. New Business
6. Public Comment
7. Next quarterly Board of Directors meeting: TBD
8. Adjournment

MINUTES

Fort Schuyler Management Corporation Meeting of the Board of Directors December 13, 2017 – CNSE Nano Fab East Conference Room 2107

Directors present: Robert Samson – Chairman, Kristin Proud, Joan McDonald, Ken Tompkins, and Robert Geer

Staff: Robert Megna – President, Scott Bateman – Treasurer, Cheryl Casey-Rose – Board Secretary, Pat Bucklin

Guests: Kevin Younis - ESD, Emily Kunchala – RF SUNY

1. Call to Order

- Chair Samson called the meeting of the Board of Directors of Fort Schuyler Management Corporation (FSMC) to order at 9:35AM.
- Chair Samson welcomed Kevin Younis of ESD, Emily Kunchala of The Research Foundation, and Bob Geer as a representative of the SUNY Poly Foundation.
- Chair Samson asked if any directors had a conflict of interest and, if so that the conflict be disclosed. There was none.

2. Review/approval of October 17, 2017, meeting minutes

- The Board reviewed the meeting minutes of the October 17, 2017 meeting. A motion was made by Robert Geer and seconded by Joan McDonald.
Vote: Ayes: 5, Nays: 0. Abstentions: 0.
The minutes were approved as presented.

3. Finance Committee Report – Kristin Proud

- Resolution 167 – Adoption of Annual Plan

Kristin Proud asked for a motion to adopt Resolution 167.

Kristin Proud advised: The Bylaws of the Corporation provide that there shall be submitted to the Board 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.

The 2017-18 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 brought forward for full consideration by the Board of Directors.

Discussion: Robert Megna referred the directors to the chart similar to the one used for FRMC entitled 2017-18 Proposed Summary of Annual Revenue and Expenses for all facilities. He stated that this is a conservative view of revenue and expenses. He noted that on the revenue line that on the five-year loan row that was helping to finance Fort Schuyler activities has been replaced by the operating support row which is \$5.7M coming to Fort Schuyler through a State grant process. On the operating expenses line, we are being fairly conservative trying to recognize actual personnel expenses incurred by Fort Schuyler and people working on Fort Schuyler projects, resulting in an uptick there. Similarly, with Fuller Road, there is a relatively large expense associated with professional fees. That is largely associated with the Southern District Court proceedings. Other than those items, there are no significant changes.

With no further discussion, Chair Samson asked for a motion to adopt Resolution 167 – Approval of Annual Plan.

Motion: Ken Tompkins

Second: Robert Geer

Vote: Ayes: 5, Nays: 0, Abstentions: 0

Resolution 167 – Approval of Annual Plan was adopted.

- Resolution 168 – Approval of Contract for Financial Advisory Services – Kristin Proud

Kristin Proud stated that FRMC and FSMC issued a joint Request for Proposals (“RFP”) for a financial services advisor to provide financial advice and guidance managing and structuring debt portfolios and to provide financial assistance on all financial aspects of the corporations. Three firms submitted proposals and a five person Evaluation Committee conducted a review focused on quality, cost and efficiency pursuant to the criteria in the RFP.

Based on the results of the scoring, the Evaluation Committee recommended the selection of PRAG as the Corporation’s financial advisor. The RFP process and award was conducted in accordance with FSMC’s Procurement Guidelines Policy. The Finance Committee of the Board adopted a resolution approving the selection of PRAG as the qualified independent advisor and recommending that the Board approve the selection of PRAG as the qualified independent financial advisor and authorize the President and Treasurer, or either of them without the other, to enter into a contract for financial advisory services with PRAG.

Chair Samson asked for a motion to adopt Resolution 168 – Approval of Contract for Financial Advisory Services.

Motion: Joan McDonald

Second: Robert Geer

Discussion: Dr. Geer asked if it is anticipated that the services for FSMC and FRMC would be distinct or whether we see overlapping services. Robert Megna responded that there is potential for overlapping services but for now, they would be relatively distinct.

With no further discussion, Chair Samson asked for a vote:

Ayes: 5, Nays: 0, Abstentions: 0.

Resolution 168 – Approval of Contract for Financial Advisory Services was adopted.

- Resolution 169- Approval of Contract for Bond Counsel – Kristin Proud

Kristin Proud advised: FRMC and FSMC issued a joint Request for Proposals (“RFP”) to procure outside legal counsel services in various practice areas, including bond counsel to provide advice regarding existing or new debt issued to support the Corporation’s capital investments and provide technical legal assistance with respect to specific transactions. Four firms provided proposals in response to the RFP. An evaluation committee reviewed the proposals submitted in response to the RFP according to the evaluation criteria in the RFP and the Procurement Guidelines Policy and recommended that two firms be pre-qualified to provide such bond counsel services to the Corporation based on the anticipated volume of work. Allocation of general or specific assignments would be based on suitability, including among other factors, appropriateness of the firm’s identified expertise and cost.

The FSMC Finance Committee approved a resolution authorizing the President and Treasurer, or either of them without the other, to enter into a contract with the highest scoring firm, Harris Beach PLLC.

Chair Samson asked for a motion to adopt Resolution 169.

Motion: Robert Geer

Second: Joan McDonald

Discussion: There was no discussion.

Chair Samson asked for a vote:

Ayes: 5, Nays: 0, Abstentions: 0.

Resolution 169 – Approval of Contract for Bond Counsel was adopted.

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. Kristin Proud asked for a motion that the Board conduct an Executive

Session pursuant to section 105, subdivision (d) of the New York State Open Meetings Law relating to discussion regarding proposed, pending or current litigation, subdivision (f) relating to the medical, financial, credit or employment history of a particular person or corporation, and subdivision (h) relating to the proposed acquisition , sale or lease of real property, and pursuant to section 108, subdivision 3 of the New York State Open Meetings Law relating to matters made confidential by federal or state law. Joan McDonald moved and Robert Geer seconded the motion. Chair Samson asked for a vote: Ayes: 5, Nays: 0, Abstentions: 0. The motion to adjourn to Executive Session was approved and the regular Board meeting adjourned at 9:47AM.

Respectfully Submitted,

Cheryl Casey Rose
Board Secretary

RESOLUTION OF THE BOARD OF DIRECTORS OF
FORT SCHUYLER MANAGEMENT CORPORATION

February 26, 2018

RESOLUTION NO:170

APPROVAL OF 2016-17 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 2016-17 Annual Audit was conducted and prepared by a certified independent public accounting firm designated for such purpose by the Board of Directors and submitted to the Audit Committee of the Corporation for review and approval, and, upon a motion duly made, was approved by the Audit 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 AUDIT. The Fort Schuyler Management Corporation Board of Directors hereby approves the 2016-17 Annual Audit.

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

CERTIFICATION

FORT SCHUYLER MANAGEMENT CORPORATION
RESOLUTION NO: 170.

The undersigned, being the duly elected and qualifying Secretary of FORT SCHUYLER MANAGEMENT CORPORATION (the "Corporation"), DOES HEREBY CERTIFY that the following constitutes a true and correct copy of a resolution adopted by the board of directors of the Corporation on February 26, 2018 adopting the 2017-18 Annual Audit, as it appears in the records of the Corporation in my possession as of the date hereof.

I FURTHER CERTIFY that, as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereto set my hand this day of 2018.

Cheryl Casey-Rose
Fort Schuyler Management Corporation
Board Secretary



To: Fort Schuyler Management Corporation Board of Directors

Re: Contribution Agreement among Fort Schuyler Management Corporation (FSMC), Empire State Development Corporation (ESD), and NexGen Power Systems, Inc. (NexGen); and a Lease Agreement between FSMC and NexGen

Contribution Agreement:

The proposed Contribution Agreement among NexGen, ESD and FSMC provides that the parties will work together to establish a manufacturing and research development center for NexGen on the property owned by FSMC in the Town of DeWitt.

Pursuant to the Contribution Agreement, ESD will provide grant funding to be used to make improvements to the building and purchase manufacturing equipment. NexGen will agree to enter into a long term lease for the building from FSMC, and also will agree to create at least 577 permanent high technology jobs within 10 years of the rent commencement date of the lease. These jobs are anticipated to have an average aggregate gross wage of \$51,000 per year or more and most are expected to be recruited from the Syracuse area. FSMC will lease the entire building as well as manufacturing equipment purchased with grant funding to NexGen.

Lease:

NexGen will enter into a Lease with FSMC, pursuant to which NexGen will lease the entire building located at 50 Collamer Crossings Parkway, in the Town of DeWitt, County of Onondaga and the State of New York. The key provisions relating to the Lease are as follows:

Description of Property and Ownership – FSMC owns the building and land known as 50 Collamer Crossings Parkway, in the Town of DeWitt. The land consists of approximately 14 acres and a newly constructed and soon to be completed building which is on the property and which consists of approximately 66,550 rentable square feet, together with a mechanical mezzanine of approximately 15,700 square feet. NexGen will be the sole tenant for the building.

Tenant – NexGen Power Systems, Inc., a Delaware corporation with headquarters in Santa Clara, California is developing and manufacturing power transistors for the power electronics industry. NexGen Power Systems, Inc. is a private corporation which was recently established.

Rent and Term – The Lease requires NexGen to pay all of the ongoing costs associated with the building, including all utilities, insurance, property and school taxes, maintenance, ongoing services, and any other expenses for the building. The rent for the first year of the Lease will be \$1.00 and the rent for the next seven years will be \$90,000 in the second year, \$180,000 in the third year, \$270,000 in the fourth year, \$360,000 in the fifth year, \$432,000 in the sixth year,



\$518,400 in the seventh year, and \$622,080 in the eighth year. For the ninth and tenth years of the Lease, an appraisal of the rent will be obtained which will establish the rent for those two years. The Lease has a ten year term, with an option for NexGen to renew for an additional ten years. If NexGen exercises the option for an additional ten year term the rent will increase at 3% per year based on the rent in year ten, with the rent being reestablished for year fifteen after a market appraisal, and thereafter 3% annual increases will apply.

Costs for Site Preparation - FSMC has received grant funds for the construction of the building, together with the acquisition of the land and site preparation. There will be some additional costs incurred to complete the building and make improvements needed by NexGen. These costs will not exceed the amount of grant funds available for the project and will be presented to the Board for approval at a future meeting.

Associated Costs of Lease - The Lease is a triple net lease whereby NexGen is responsible for all property and school taxes that may be assessed on the property, together with all insurance, maintenance and other expenses.

Rental of Manufacturing Equipment – ESD will provide grant funding to NexGen which will be used to purchase manufacturing equipment to be owned by FSMC.

Use of Space - NexGen will use the property for its offices and manufacturing, assembly, research and development facilities and warehousing purposes. It is anticipated that NexGen will use a portion of the property for other incidental business and commercial purposes, including engineering, education and training of personnel.

Compliance with Acquisition and Disposition of Real Property Policy:

The Acquisition and Disposition of Real Property Policy (the Policy), adopted by the FSMC Board in Resolution No. 145 on February 22, 2017, requires that certain information be provided for the disposition of real property through a negotiation and for less than fair market value. This information is set forth below.

1) Full Description of Asset – An 82,250 square foot building housing clean rooms, manufacturing space, office space and including 14 acres of land located at 50 Collamer Crossings Parkway, the Town of DeWitt, the County of Onondaga, and the State of New York.

2) Appraisal of the Fair Market Value of the Facility – The building is near completion and has never been occupied. There are no comparable facilities in the area. Therefore, staff of FSMC have determined that in this instance an appraisal was not practical or feasible and would not be a useful expenditure. As indicated above, in year nine of the Lease a fair market assessment of the rent will be used to establish the rent for years nine and ten of the Lease.



3) Description of the Transfer and a Reasonable Statement of the Kind and Amount of Benefit to the Public Resulting from the Transfer – The Lease requires NexGen to create at least 577 permanent high technology jobs within 10 years of the rent commencement date of the lease.

4) Statement of the Value to be Received Compared to the Fair Market Value – FSMC will receive rental payments for the first eight years which total \$2,472,480. Years nine and ten of the Lease will be based upon a fair market appraisal of the market based rent. The Lease requires NexGen to pay all costs associated with the building, such as utilities, insurance, and maintenance costs, property taxes, security, and general upkeep. NexGen is committed to creating 577 jobs at the building within 10 years of the rent commencement date of the lease which will include management, skilled manufacturing jobs and engineers.

5) Names of Private Parties Participating in the Transfer – NexGen Power Systems, Inc.

6) Names of Other Parties who have made an Offer for such Asset – No other offer has been received.

7) Statement of Disposal by Negotiation – FSMC commenced construction of this building for another tenant as previously approved by the Board. After that arrangement was terminated, FSMC began negotiations with NexGen to use the building to develop and manufacture power transistors. During the negotiation process, NexGen decided to lease the entire building for its current needs and for its anticipated growth.

8) Approvals – FSMC President Robert Megna and Interim Contracting Officer Scott Bateman approve this proposed transfer. In addition, Howard Zemsky, President and Chief Executive Officer of Empire State Development, consents to the transfer, finding that the purpose of the transfer is within the purposes 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.

Requested Action:

The Board is requested to approve a resolution authorizing the President and/or Treasurer of the Corporation to enter into a Contribution Agreement with NexGen, and ESD, and on behalf of the Corporation to enter into a Lease Agreement with NexGen; and to take all further related actions necessary or appropriate to implement the resolution.

RESOLUTION OF THE BOARD OF DIRECTORS OF
FORT SCHUYLER MANAGEMENT CORPORATION

FEBRUARY 26, 2018

RESOLUTION NO.:171

AUTHORIZATION TO ENTER INTO A LEASE,
CONTRIBUTION AGREEMENT, AND TAKE RELATED ACTIONS

WHEREAS, the Fort Schuyler Management Corporation (the "Corporation") was formed for the purpose of helping to facilitate research and economic development activities related to the research and educational mission of the State University of New York ("SUNY") and SUNY Polytechnic Institute ("SUNY Poly") by purchasing, constructing, developing and managing facilities; and

WHEREAS, the Corporation owns certain real property consisting of approximately 14.04 acres known as 50 Collamer Crossings Parkway, in the Town of DeWitt, County of Onondaga, State of New York, which has been constructed for the purpose of being operated as a technology oriented building, to be used for purposes related to SUNY Poly's research and education mission; and

WHEREAS, the Corporation seeks to enter into a Contribution Agreement with NexGen Power Systems, Inc. ("NexGen") and New York State Urban Development Corporation d/b/a the Empire State Development Corporation ("ESD"), pursuant to which each of the parties to such Contribution Agreement will provide certain assets in order to enable NexGen to develop and manufacture power transistors for the power electronics industry; and

WHEREAS, the Corporation also seeks to enter into a Lease with NexGen, whereby NexGen would rent from the Corporation the entire building located at 50 Collamer Crossings Parkway to be used to develop and manufacture power transistors, such Lease requiring NexGen to pay all expenses with respect to the building (utilities, insurance, property taxes, maintenance and upkeep, etc.) and pay stated rent which for several early years of the Lease will be at a below market rent, but which ultimately is to be at fair market value rents; and

WHEREAS, in addition to the expenses and rent to be paid by NexGen, NexGen will also be bringing significant economic benefits to New York State and to the Syracuse region where the building is located, including the creation and retention of intellectual and physical resources to execute its research programs, together with a commitment by NexGen to create at least 577 permanent high technology jobs within 10 years of the rent commencement date of the lease, with most of these anticipated to be recruited from the Syracuse region; together with the likelihood that NexGen will attract other qualified businesses to the area to support its operations; and

WHEREAS, the Corporation also will be leasing certain manufacturing equipment owned by the Corporation and to be used by NexGen in the production of its power transistors, with the use of such equipment included in the Lease to be executed between the Corporation and NexGen; and

WHEREAS, the President and Chief Executive Officer of ESD consents to the lease of the building to NexGen on the terms and conditions set forth in the materials presented to the Board of Directors;

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

Section 1: The Fort Schuyler Management Corporation Board of Directors hereby authorizes the Corporation to enter into the Contribution Agreement with NexGen and ESD substantially upon the terms and conditions as set forth in the materials presented to this meeting (the "Materials").

Section 2: The Board of Directors hereby authorizes the Corporation to enter into the Lease (the "Lease") with NexGen for the building substantially upon the terms and conditions set forth in the Materials, including the lease of the manufacturing equipment.

Section 3: The Board of Directors hereby determines that there is no reasonable alternative to the proposed transfer of the property for a below fair market value that would achieve the same purposes as set forth in the Materials.

Section 4: The Board of Directors hereby authorizes the President and Treasurer of the Corporation, or either of them without the other, to execute and deliver the Contribution Agreement, the Lease, and any and all related documents, and take all such actions as he or she may in his or her discretion consider to be necessary or proper in order to effectuate the purposes and intents of this Resolution.

Section 5: This Resolution shall take effect immediately.

CERTIFICATION

FORT SCHUYLER MANAGEMENT CORPORATION
RESOLUTION NO: 171.

The undersigned, being the duly elected and qualifying Secretary of FORT SCHUYLER MANAGEMENT CORPORATION (the "Corporation"), DOES HEREBY CERTIFY that the following constitutes a true and correct copy of a resolution adopted by the board of directors of the Corporation on February 26, 2018 Authorization To Enter Into A Lease, Contribution Agreement, And Take Related Actions, as it appears in the records of the Corporation in my possession as of the date hereof.

I FURTHER CERTIFY that, as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereto set my hand this day of 2018.

Cheryl Casey-Rose
Fort Schuyler Management Corporation
Board Secretary