

EMPIRE STATE DEVELOPMENT CORPORATION

MISSION

The Empire State Development Corporation (ESDC) — formerly 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 appropriations by the State.

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. The Corporation and Department are distinct entities, but both are headed by the Commissioner of Economic Development and share senior managers. In addition, the Corporation and Department work closely with the New York State Office of Science, Technology and Academic Research (NYSTAR), which was established in 1999 to foster technology-related job creation. The Corporation will have a workforce of 255 in 2004-05. From the Corporation's central office in New York City, a Chief Operating Officer is responsible for day-to-day operations. The Corporation and Department of Economic Development share 10 regional offices and 3 satellite offices.

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OVERSIGHT

The Corporation is governed by a 9 member Board of Directors comprising 2 ex-officio members and 7 members appointed by the Governor with the consent of the Senate. The Chair of the Empire State Development Corporation Board is selected by the Governor and also serves as the Commissioner of Economic Development. 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) redevelop Times Square, including the condemnation and acquisition of blighted properties and recruitment of prospective tenants; (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; and (6) promote economic development and tourism and leverage private investment in Niagara Falls.

FISCAL BACKGROUND AND BUDGET HIGHLIGHTS

- In 2004-05, 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 \$78.4 million in support for economic development initiatives, including: the JOBS NOW program for large-scale projects which will create new jobs; the Empire State Economic Development Fund for projects that create or retain jobs; the Urban and Community Development and Minority - and Women-Owned Business Development and Lending programs; the retention of professional football in western New York; and military base retention and redevelopment initiatives;
- The Executive Budget will also include \$250 million for priority high-technology and economic development initiatives, and a new \$10 million Power for Jobs rebate program to extend the value of low-cost power through March 31, 2005 to businesses whose benefits would expire in the 2004-05 State fiscal year;
- Billions of dollars in development assistance, as well as substantial tax incentives, will remain available from the Federal government for redevelopment of Lower Manhattan and New York City in the wake of September 11;
- In conjunction with the Dormitory Authority, the Corporation will continue to finance and administer the \$1.2 billion Centers of Excellence/Empire Opportunity Fund/Gen*NY*sis/RESTORE Program; and
- \$10 million in Port Authority of New York and New Jersey Regional Development funds will be available to support projects in the Upper Manhattan/South Bronx Empowerment Zone.

PROGRAM HIGHLIGHTS

The Empire State Development Corporation administers economic development programs which:

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- 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 2003-04	Appropriations Recommended 2004-05	Change	Reappropriations Recommended 2004-05
State Operations	0	0	0	0
Aid To Localities	75,362,100	88,362,100	13,000,000	171,397,100
Capital Projects	0	250,000,000	250,000,000	490,050,000
Total	<u>75,362,100</u>	<u>338,362,100</u>	<u>263,000,000</u>	<u>661,447,100</u>

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

Fund Type	Available 2003-04	Recommended 2004-05	Change
General Fund	75,362,100	78,362,100	3,000,000
Special Revenue Funds - Other	0	10,000,000	10,000,000
Total	<u>75,362,100</u>	<u>88,362,100</u>	<u>13,000,000</u>

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

Program	Available 2003-04	Recommended 2004-05	Change
Economic Development			
General Fund	75,358,000	78,358,000	3,000,000
Special Revenue Funds - Other	0	10,000,000	10,000,000
Payments to Municipalities			
General Fund	4,100	4,100	0
Total	<u>75,362,100</u>	<u>88,362,100</u>	<u>13,000,000</u>

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

Comprehensive Construction Program	Available 2003-04	Recommended 2004-05	Change	Reappropriations 2004-05
Regional Development				
Capital Projects Fund - Authority Bonds	0	0	0	425,000,000
Economic Development				
Capital Projects Fund - Authority Bonds	0	250,000,000	250,000,000	65,050,000
Total	<u>0</u>	<u>250,000,000</u>	<u>250,000,000</u>	<u>490,050,000</u>