

March 26, 2015

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

**SUBJECT: Lease of Office Space – Zero Energy Nanotechnology
Building – SUNY College of Nanoscience and Engineering –
New York Energy Manager Program**

SUMMARY

The Trustees are requested to approve a 10-year lease by the Authority for a 5,600 square-foot space in the Zero Energy Nanotechnology (“ZEN”) Building located on the campus of the SUNY College of Nanoscience and Engineering (“CNSE”) in Albany, New York to serve as a networks operations center. The proposed lease will be at an initial per square foot rate of \$20.00 psf with a 3% annual escalation and will include build-out costs (other than IT build-out) not to exceed \$120 psf. The space, managed and leased by Fuller Road Management Corporation (“FRMC”), will house the Authority’s New York Energy Manager (“NYEM”) Program.

BACKGROUND

The NYEM is an innovative new program developed by the Authority to support thousands of New York State facilities to assist with real time energy management. NYEM is an essential part of the Governor’s Build Smart NY initiative and Executive Order 88, which mandates a reduction in energy usage in NY State government buildings by 20 percent by the year 2020. NYEM enables NYPA to provide State agencies and their facility managers with data-driven tools, support, and strategies to drive the advancement in building energy performance necessary to comply with the Governor’s energy reduction target.

A critical component of the program is the establishment of a centralized network operations center, equipped with state-of-the-art technology, which meets high standards for security, provides ample options for hosting mid-sized and large customer meetings and training and is centrally located in the Albany area.

The NYEM entered into a lease for a 400-square-foot space at CNSE in May 2014. This lease contemplated expansion into larger space in the adjacent ZEN building which was then under construction. NYEM is growing rapidly and is on target to connect over 750 buildings to its system in real time by the end of 2015. This scaling up necessitates expansion into a larger space that can support a state-of-the-art central energy monitoring center equipped with large display screens capable of streaming live energy use information from sites, offers secure access and controlled environment, and has an onsite high throughput data center to handle the digital data and communication needs.

The Authority's Real Property Expenditure Authorization Procedures require Trustee approval of any lease where the total term is more than ten years or the annual rent is in excess of \$100,000.00.

DISCUSSION

CNSE has quickly become the state's technology hub, attracting major tenants such as IBM, Intel and Toshiba, among many others. The CNSE campus offers world class amenities and flexible meeting spaces, including multiple conference rooms and high tech lecture halls. The Authority has already leveraged these assets for various customer and stakeholder meetings. The facility's centralized location in New York State ("NYS") has proven convenient and attractive to NYEM customers, many of which are headquartered in Albany and the surrounding areas.

The building will also house NYS's centralized data center, managed by the Office of General Services ("OGS") and available to all state agencies with supporting infrastructure, including emergency power.

Location of the NYEM in the ZEN building will directly tie into the Authority's energy efficiency initiatives. The ZEN building will be the largest mixed use commercial building in North America achieving zero net energy status with all its energy needs produced on-site from renewables. This provides an excellent marketing opportunity for the Authority to motivate its customer base to save on energy and will enable use of the building as a case study to visitors. The Authority provided energy efficiency expertise to the design of the ZEN building and plans to test its performance and development of successful energy efficiency technologies for mass market application.

Construction of the new Zen Building is now nearing completion, offering the Authority the opportunity to custom-build to meet specific needs. These aspects make it a natural choice for locating the permanent NYEM space within the ZEN building.

The 5600 square-foot space in the ZEN Building will provide a central hub for the NYEM in a location ideally suited to fulfilling the program's goals and will allow for technological upgrades and staff expansion as the program continues its rapid growth. The proposed rental rate is comparable to that paid by other governmental agencies on the CNSE campus, and with the rate paid by the Authority for the space it currently rents there. The rate is competitive with that charged for similar, premium space in the Capital District.

Staff believes that the site at CNSE provides unique synchronicities and benefits that support entering into a 10-year lease along the general terms as set forth above.

FISCAL INFORMATION

Payment for the rent and associated costs will be made from the Authority's Operating Fund. The acquisition costs for this property will be in accordance with current Expenditure Authorization Procedures.

RECOMMENDATION

The Vice President – Customer Energy Solutions, the Acting Vice President – Procurement and the Director – Site Purchasing, Materials Management and Real Estate recommend that the Trustees approve entering into a 10-year lease by the Authority for 5,600 square feet of space in the Zero Energy Nanotechnology (“ZEN”) building located on the campus of the SUNY College of Nanoscience and Engineering (“CNSE”) in Albany, New York to serve as a networks operations center for the Authority’s New York Energy Manager Program. The proposed lease will be at an initial per square foot rate of \$20.00 psf with a 3% annual escalation and will include build-out costs (other than IT build-out) not to exceed \$120 psf.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones
President and Chief Executive Officer

RESOLUTION

RESOLVED, That pursuant to the Authority's Real Property Expenditure Authorization Procedures, the Authority is hereby authorized to enter into a ten year Lease Agreement between the Authority and Fuller Road Management Corporation, Inc., for an initial per square foot rate of \$20.00 psf with a 3% annual escalation and will include build-out costs (other than IT build-out) not to exceed \$120 psf; and be it further

RESOLVED, That the Acting Vice President – Procurement and the Director – Site Purchasing, Materials Management and Real Estate, or designee, be, and each of them hereby is, authorized to execute any and all other agreements, papers or instruments on behalf of the Authority that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel or his designee; and be it further

RESOLVED, That the Chairman, the Vice Chair, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.