

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON ECONOMIC DEVELOPMENT

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June 4, 2009
Start: 2:09Pm
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HELD AT: Hearing Room
 250 Broadway, 14th Floor

B E F O R E: THOMAS WHITE, JR.
 Chairperson

COUNCIL MEMBERS:
 Diana Reyna
 Letitia James
 Annabel Palma
 Kenneth C. Mitchell

A P P E A R A N C E S

Leslie Ramos
Executive Director
Mayor's Office of Industrial and Manufacturing
Businesses

Lenzie Harcum
Vice President Bioscience
New York City Economic Development Corporation

Maria Gotsch
President and CEO
New York City Investment Fund

Dr. David Liebowitz
Chief Scientific Officer
Vivaldi Biosciences

Nathan Tinker
Executive Director
New York Biotechnology Association

Bettina Damiani
Director
Good Jobs New York

Chris Shepherd
New York City Economic Development Corporation

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CHAIRPERSON WHITE: Good afternoon.

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My name is Thomas White, Jr. I'm Chair of the

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Economic Development Committee. And, today,

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we're, you know, we're here to hear testimony

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concerning Intro 940.

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On March 5th, '09, the New York City

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Economic Development Corporation released a report

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on the-- excuse me. Hello? Released a report on

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a proposal to redraw the Chinatown/Lower East Side

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Empire Zone to create a separate and contiguous

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Empire Zone segment around the East River Science

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Park, ERSP. The current designated

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Chinatown/Lower East Side Empire Zone has only

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two-thirds of the acreage permissible for Empire

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Zones and the inclusion of a new acreage has the

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potential to expand employment, procurement and

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educational opportunities in the field of science

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and technology.

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The East River Science Park is

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located on the East Side in Manhattan, immediately

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adjacent to New York University Medical Center and

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just north of the Bellevue Hospital Center. It is

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ideally situated along Manhattan's medical life

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sciences corridor, home to Mount Sinai, Weill

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2 Cornell, Memorial Sloan-Kettering, the New York
3 Hospital, Rockefeller University and the Hospital
4 for Special Surgery and Beth Israel.

5 The first witnesses that we have
6 from the Administration is Mr. Leslie Ramos for
7 the Mayor's Office of Industries and Lenzie
8 Harcum, New York City, Ms., I'm sorry.

9 LESLIE RAMOS: Good afternoon
10 Chairman White and members of the Committee on
11 Economic Development. My name is Leslie Ramos and
12 I am the Executive Director of the Mayor's Office
13 of Industrial and Manufacturing Businesses. I am
14 pleased to testify today in regard to Intro Number
15 940, which will authorize New York City to submit
16 an application to revise the boundaries of the
17 Chinatown/Lower East Side Empire Zone to include
18 the East River Science Park.

19 The Empire Zone program was created
20 in 1986 by the New York State Legislature, and is
21 designed to stimulate private investment, business
22 development and job creation through a series of
23 financial incentives, including wage tax credit,
24 real property tax credit and investment tax
25 credits. In New York City, we have leveraged this

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2 program to foster manufacturing clusters that will
3 retain and create well-paying jobs for our
4 residents.

5 By expanding the boundaries of the
6 Chinatown/Lower East Side Empire Zone to include
7 the East River Science Park, we are continuing our
8 commitment to creating good jobs, diversifying the
9 local economy and finding innovative ways to bring
10 educational and procurement opportunities to the
11 residents of the Chinatown/Lower East Side Empire
12 Zone. Most importantly, we are investing in a
13 growing industry that has a strong link to our
14 many medical educational institutions, and will
15 bring 2,000 permanent jobs and an additional 1,800
16 jobs during construction.

17 Program rules allow this Zone to
18 have up to three non-contiguous zones totaling
19 1,200 acres in aggregate. Currently, the
20 Chinatown/Lower East Side Empire Zone is
21 approximately 803 acres, and is a contiguous area.
22 The bill before you today would add a second, non-
23 contiguous, 3.2 acres to the Zone. I want to
24 emphasize that this boundary revision will not
25 affect the current or future benefits received by

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2 businesses located within the existing Zone
3 boundaries.

4 If this boundary revision is
5 approved, businesses that move into the East River
6 Science Park will be able to apply for
7 certification into the Empire Zone Program. We
8 hope that, by extending Empire Zone benefits to
9 the East River Science Park, potential tenants
10 will be persuaded to stay in or move to New York
11 City instead of bioscience park in other cities.

12 For a business to be certified, it
13 must show that it will contribute \$10 for each \$1
14 received in benefits. The business' application
15 is first reviewed by local Zone Administrative
16 Board, which is composed of several community
17 members and is responsible for making
18 certification recommendations to the Empire State
19 Development Corporation.

20 Once again, we have selected a
21 project that will bring benefits to the community
22 far beyond those established by the program
23 guidelines. This is a rare opportunity to link a
24 forward-looking project to a community in need of
25 economic growth, and we hope that you support our

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efforts to make this project a reality.

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Next, you will hear from my colleague, Lenzie Harcum, of the New York City Economic Development Corporation. He will provide you with an overview of the project and a detailed information on the wonderful research and educational network that exist in New York City.

Thank you for the opportunity to appear before you today. I am happy to address any questions that you may have. Thanks.

LENZIE HARCUM: Thank you, Chairman White and members of the Committee for allowing me to speak in front of you today on behalf of the City of New York.

My name is Lenzie Harcurn, I am Vice President of Bioscience at New York City Economic Development Corporation. I am here today to discuss Intro 940, which, with your support, will add the East River Science Park to the Chinatown/Lower East Side Empire Zone.

New York City's assets for building a commercial biotech industry are unequalled by any region. The City has the largest concentration of academic medical institutions in the United States

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2 and, with over 300,000 jobs, we have the largest
3 high-tech workforce in the nation. The base for
4 building the City's commercial biotech cluster is
5 also reflected in its strength in attracting NIH
6 funding. The City is ranked 2nd in the U.S. in
7 total NIH funding and 1st in terms of NIH funding
8 to universities and colleges. In addition, New
9 York City is also home to 11 leading universities
10 and graduate programs in technology fields.

11 But despite these strengths, there
12 are two impediments for commercial bioscience
13 companies to take root in the City. One is a lack
14 of commercial wet lab space and the high cost of
15 real estate. East River Science Park will serve
16 users with much needed wet lab space, and the
17 Empire Zone tax incentives will address the high
18 cost of real estate for commercial bioscience
19 companies seeking to establish here.

20 By including East River Science
21 Park in the Chinatown/Lower East Side Empire Zone,
22 the City will be in a better position to attract
23 and retain commercial bioscience companies. It
24 will encourage the growth of bioscience industry,
25 as a whole, moving New York City closer to its

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2 commitment to diversifying the economy, and
3 fostering high-paying jobs in an emerging
4 industry.

5 The boundary revision will also
6 provide benefits for the original Empire Zone. As
7 part of the process, a program has been created to
8 link the Chinatown/Lower East Side community to
9 employment and educational opportunities in the
10 science and technology field.

11 As background, East River Science
12 Park will be the City's first commercial research
13 park. The Park is a state-of-the-art research and
14 development campus in proximity to a wealth of
15 medical resources. Built in three phases, the
16 three-acre campus will accommodate up to 1.1
17 million square feet of commercial lab space and
18 the 310,000 square foot East Tower is nearing
19 completion. The Park will provide space,
20 primarily for emerging biotech and device
21 companies, but also for later stage firms.

22 In total, as Leslie mentioned, East
23 River Science Park is expected to create
24 approximately 2,000 jobs for researchers and
25 technicians and other bioscience professionals, as

1 well as 1,800 construction jobs.

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3 To conclude, New York City is the
4 best place in the world for innovation to thrive.
5 We have the necessary elements to diversify the
6 economy through growth in bioscience employment.
7 We are only lacking in commercial lab space to
8 accommodate the companies. The creation of East
9 River Science Park begins to address that issue,
10 while the Empire Zone will provide valuable and
11 competitive incentives to help tenant the
12 facility. Providing Empire Zone benefits for East
13 River Science Park is an important step to
14 building the biotech industry in New York City.

15 Thank you for your time and I look
16 forward to answering any questions you may have.

17 CHAIRPERSON WHITE: Thank you very
18 much. I think I'd like you to take note that my
19 colleague, Council Member Gerson, who was at
20 another meeting, has indicated to me that he has
21 some testimony that he'd like read into the
22 record. And, give him that courtesy [off mic].
23 So, I'd like to acknowledge the presence of my
24 colleague, Diana Reyna. Okay. And, to my
25 colleague Tish James, who has a conflict and who

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came in and had to leave to another meeting.

I don't know specifically what Council Member Gerson's insertions would be. So, just I will ask some questions. But, bear in mind that he will-- how long is that going to be, young man?

MALE VOICE: Just left [off mic]

CHAIRPERSON WHITE: Would you let me know? Okay. Can you tell us specifically what benefits would be provided to the East River Science Park if the Intro 940 was passed and for how long each such benefit would last?

LESLIE RAMOS: This project is a unique project. And, the first time that we do an agreement with a developer, rather than the specific businesses. The businesses will not be identified or approve into-- they come into the Park and come through application process. So, we work with the developer a community benefit agreement. And, that which was negotiated between the Zone Administrative Board, which is composed of various community members. So, right now, what we are bringing is a various education opportunities. Students in the area will receive

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2 tickets to various seminars and events that will
3 be held related to the bioscience field. The
4 developer will put a package, a welcome package,
5 to any tenant in the building informing them of
6 businesses that they could use in the Lower East
7 Side. They're also going to have various
8 procurement fairs for the way that businesses in
9 the area can obtain contracts within the East
10 River Science Park.

11 Lenzie, would you like to expand?

12 LENZIE HARCUM: Chairman, was your
13 question relation to the benefits the companies
14 would be receiving?

15 CHAIRPERSON WHITE: Well, that's
16 the next question. How long will the benefits
17 last was the question.

18 LESLIE RAMOS: The benefits to the
19 community is a long term established relationship.
20 So, we hoping right now is to create the bridge
21 through this benefit package. And, as long as
22 that, you know, relationship established, for
23 example, between the East River Science Park and
24 schools in the community, we hoping that they
25 will continue for the long term.

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2 CHAIRPERSON WHITE: I had a brief
3 conversation with my colleague, Council Member
4 Gerson. And, he had, I think, within that
5 conversation, he had mentioned something about
6 including community organization within this
7 coalition for the benefit package to have
8 something to say as relates to that benefit
9 package and what the community would derive from
10 it. And, he had wanted the community involvement.
11 Is the community involved in this?

12 LESLIE RAMOS: By the community, we
13 have negotiated with the Zone Administrative
14 Board, which is composed of community
15 representative; one including Renaissance, which
16 is Empire Zone coordinator in the area. We also
17 have representative for the BID in the area,
18 various nonprofit institutions. They are the ones
19 responsible for making recommendation to the State
20 in approval of this project and approval of any
21 specific company that comes through.

22 What we look for was that in
23 exchange of-- we're looking for benefits to the
24 community that will expose children to what the
25 East River Science Park is doing. We feel right

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2 now that we have some benefits that a developer
3 and manager of the facility can commit to. And,
4 we all found them very reasonable. Pretty much it
5 was the Zone Administrative Board that came up
6 with the ideas of what they would like to see to
7 be contributed to the community. And, Alexandra
8 just simply said this sounds wonderful. They
9 sound reasonable. And, they accepted the Board
10 request.

11 CHAIRPERSON WHITE: Okay. I
12 understand concerning Council Member Gerson's
13 staff that he is to arrive in about five minutes.

14 MALE VOICE: Well, [off mic]
15 walking out the door and only two blocks away.
16 So, they're flying over. The Chief of Staff has a
17 statement and is aware of the issues. So, she may
18 whisper a question to [off mic]

19 CHAIRPERSON WHITE: Okay. Fine.
20 I'd like to acknowledge the presence of another
21 colleague, Council Member Palma, who has joined
22 us. Concerning the bioscience, that technology,
23 if I recall-- oh, thank you-- if I recall, we're
24 talking about a total of six buildings and two are
25 completed.

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2 LENZIE HARCUM: We're talking about
3 three buildings in total.

4 CHAIRPERSON WHITE: Right.

5 LENZIE HARCUM: And, the first is
6 soon to be completed. It's a--

7 CHAIRPERSON WHITE: [Interposing]
8 Is soon to be completed.

9 LENZIE HARCUM: -- 310,000 square
10 foot tower.

11 CHAIRPERSON WHITE: Right. Okay.
12 So, yeah, okay. Brought up to date. I'm going to
13 call on my colleague, Council Member Reyna. You
14 have a question?

15 COUNCIL MEMBER REYNA: Thank you,
16 Chairman White. I just wanted to ask a specific
17 question to who was the developer? And, forgive
18 me for not remembering any of this. As far as the
19 first building which is coming up to its
20 completion, correct?

21 LENZIE HARCUM: The developer of
22 the project, the City's in partnership with, is
23 Alexander Real Estate Equities.

24 COUNCIL MEMBER REYNA: And, did
25 Alexander Real Estate already develop a

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2 apprenticeship program that he's paid into to
3 provide apprenticeship slots in order to create
4 new job creation?

5 LENZIE HARCUM: Internship programs
6 are you referring to?

7 COUNCIL MEMBER REYNA:
8 Apprenticeship slots for construction trade.

9 LENZIE HARCUM: Not that I'm aware
10 of, no. I may not understand the question.

11 COUNCIL MEMBER REYNA: As far as
12 the development of the three buildings, one of
13 which is almost nearing its completion, you know,
14 part of your statement is the 1,200 construction
15 jobs that will be created because of the East
16 River Park, Science Park, rather. And so, I'm
17 trying to understand how is it that we're going to
18 see 1,200 jobs?

19 LENZIE HARCUM: The 2,000 jobs that
20 are being created are primarily the employees of
21 the tenants of the facility. And, these tenants
22 represent biotech companies. And so, by example,
23 we have the largest concentration of academic
24 medical centers in the country and those seven
25 institutions spin off up to 20 companies per year.

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2 And, many of those companies have not been able to
3 land in New York City. Those companies will
4 employ scientists to continue the development of
5 research and development.

6 COUNCIL MEMBER REYNA: Um, hm.

7 LENZIE HARCUM: And, today, for
8 testimony, we do have an example of a spinoff from
9 Mount Sinai, called Vivaldi. Dr. Liebowitz is
10 here on behalf of Vivaldi to testify and can share
11 more information regarding the profile of a
12 potential tenant for East River Science Park.
13 But, many of these are small companies, spinoffs
14 from academic medical centers, living off of
15 equity funding. And, they are engaged in the
16 research and development of, for example, drug
17 discovery diagnostics devices, early stages
18 discoveries that could lead to cures for diseases
19 [crosstalk]

20 COUNCIL MEMBER REYNA: No, I
21 completely understand, you know. I'm very hopeful
22 with this particular East River Science Park
23 because my sister has MS. And so, if we can find
24 a cure, I would be one happy woman. But, in the
25 meantime, I'm trying to understand what is the

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2 creation piece to jobs as far as our New Yorkers
3 are concerned in receiving opportunities for
4 employment, considering the recession, considering
5 the highest unemployment rates in years. I'm
6 trying to understand how are we going to be able
7 to secure. Are there any partnerships that are
8 being built here, both on the permanent
9 construction side, sorry, on the permanent jobs in
10 relation to the biotech industry? Is there a
11 partnership with our CUNY system, working with our
12 graduates with Master's Degrees and PhD Degrees in
13 the science field?

14 And, separate and aside from that,
15 what type of partnerships have been built with the
16 developer to fund apprenticeship slots for
17 construction so that we can get more young men and
18 women in the field of construction to receive an
19 opportunity for employment in development? And
20 so, you know, one of the biggest critiques about
21 the Empire Zone credits is that we don't see these
22 jobs, you know. And, when you start calculating,
23 after years, where was the employment growth
24 impact, there really is very little or close to
25 nothing. And so, the only way we're going to be

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2 able to make inroads with those comments is to
3 facilitate partnerships that are real and fund
4 appropriately where there needs to be funding
5 allocated so that we can see those partnership
6 flourish. And then, try to document where those
7 jobs were placed and the individual participants
8 who were actually the beneficiaries of those
9 partnerships.

10 LENZIE HARCUM: On the construction
11 side, I cannot speak to that 'cause Alexander will
12 engage in contractor relationships with builders.
13 And, they will also have relationships that will
14 lead to the construction jobs.

15 On the bioscience side, certainly a
16 research park in this case and in other clusters
17 is very dependent upon its relationships with the
18 academic medical centers. It has close
19 relationships. Some are formal. Some are
20 informal with the tech transfer offices, 'cause
21 that is the source of the innovation. The tech
22 transfer offices manage the research that comes
23 out of the universities and helps funnel it either
24 to a potential licensing opportunity to big pharma
25 or, in our case, we want to see more of this

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2 activity go to spinoff opportunities for the
3 companies that can emerge from these academic
4 medical centers and East River Science Park will
5 be a destination for them. So, as a result, we
6 will take advantage of many of the existing
7 relationships that are out there right now. For
8 example, NYU has a biotech program.

9 COUNCIL MEMBER REYNA: Again, you
10 know, I understand NYU. I'm just trying to assist
11 our CUNY system. We have a premier public system.
12 How are we making it work for us as government who
13 prides itself when it's convenient to say that we
14 have a great CUNY system? But then, when we have
15 innovative ideas like a science park, we're not
16 matching the two.

17 LENZIE HARCUM: Part of the CUNY
18 system is the Kingsborough Community College--

19 COUNCIL MEMBER REYNA: Um, hm.

20 LENZIE HARCUM: -- in Brooklyn.
21 And, I am on the Board of one of their biotech
22 workforce development [crosstalk]

23 COUNCIL MEMBER REYNA:
24 [Interposing] I'm glad it's coming from Brooklyn.
25 I represent Brooklyn and Queens.

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2 LENZIE HARCUM: And so, as part of
3 that, we've had a variety of members from the
4 biotech community that are on that Board to assist
5 the development of that biotech workforce program.
6 And, we certainly, in our meetings, are creating
7 these links to the biotech community and the East
8 River Science Park, 'cause the workforce
9 development piece is very important and the
10 Kingsborough Community College system is very much
11 a part of that.

12 COUNCIL MEMBER REYNA: Well, I look
13 forward to, you know, seeing on paper what the
14 partnership is really going to look like, just so
15 that we have perhaps a memorandum of understanding
16 between the science park and our CUNY system to
17 really harness what you've just said, you know.
18 Aside from Kingsborough, I know we have Polytech.
19 I know we have New York City Technical College. I
20 know we have many, many great CUNY colleges that
21 are waiting for an opportunity to be a part of
22 creating new technologies of tomorrow.

23 And, Mr. Harcum, there was a
24 Construction Commission that was created by the
25 Mayor. And, New York City Economic Development

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2 Corporation sat in on, was the spearhead agency on
3 the Construction Commission that was supposed to
4 reserve certain percentages for construction jobs.
5 How is that being matched up to the science park?
6 For instance, you know, opportunities for women in
7 construction; opportunities for veterans who are
8 coming back from the war.

9 LENZIE HARCUM: Those details may,
10 in fact, be within the lease agreement that EDC
11 pulled together with Alexander Real Estate Equity.
12 Unfortunately, I cannot speak to what elements are
13 in that lease.

14 COUNCIL MEMBER REYNA: I would love
15 to request, as part of this hearing, that type of
16 information for this Committee.

17 LENZIE HARCUM: We can get that
18 information for you.

19 COUNCIL MEMBER REYNA: Absolutely.
20 Fantastic. And, if this project was not
21 successful and I wouldn't want it to be, what
22 obligation would the developer have to continue
23 the science park in operation and for how long?

24 LENZIE HARCUM: There are certain
25 details that are spelled out--

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COUNCIL MEMBER REYNA: Um, hm.

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LENZIE HARCUM: -- in the lease that give the developer a variety of longer term options should the commercial opportunities not be as plentiful--

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COUNCIL MEMBER REYNA: Um, hm.

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LENZIE HARCUM: -- as originally thought. That's why this Empire Zone program is so important so that we can establish the commercial side of the biotech community in New York City. This is an emerging industry that's very important. But, there are longer term options available to the developer to potentially source tenants from the academic side.

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COUNCIL MEMBER REYNA: Is there restrictive covenants language or some type of guarantee, and I know in government we never like to use the word guarantee, but, you know, a perfect example of pumping a lot of government resources into a company such as Pfizer and now it's shutting its plant in Brooklyn. That's my hometown. And so, we've pumped Empire Zone.

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We've pumped IDA funds. We've pumped everything possible and now, it's shutting its doors with the

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2 last dozen employees trying to just maintain a
3 building structure. There's no giveback to the
4 City now. Our employees of yesterday will no
5 longer have a location and are on the unemployment
6 lines.

7 What, you know, protections does a
8 neighborhood have so that it doesn't have to see
9 another abandoned structure? And, what
10 protections does the City have in order to ensure
11 that it's not draining resources where we most
12 need it, where there is real job creation and
13 identifying where that job creation is to bring
14 back those resources to work on our behalf again?

15 LENZIE HARCUM: Let me answer that
16 this way. It is very unfortunate. The Pfizer
17 situation was a strategic decision by Pfizer to
18 shut down a number of its facilities.
19 Unfortunately, Brooklyn was one of them. On our
20 side, though, when we look at the potential for
21 growing a biotech community, New York City has the
22 most potential. The restriction has been on the
23 lab space and the cost of that lab space for the
24 commercial companies.

25 And so, when we look at a competing

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2 area, like Boston, Boston's one of the more
3 successful biotech clusters, and has NIH funding,
4 if you look at that as sort of the fuel of the
5 engine of innovation, has NIH funding that's far
6 less than what is available in New York City. So,
7 Boston has a tremendous base of employment and 15
8 million square feet of commercial lab space. New
9 York City, at this point, with two incubators, we
10 have about 50,000 square feet of lab space. So,
11 by providing the proper lab space and the proper
12 incentives, we can grow this cluster.

13 COUNCIL MEMBER REYNA: We can grow
14 the cluster. But, nothing guarantees that the
15 cluster will successfully flourish. And so, I'm
16 trying to understand what the contingency plan
17 would be if this does not come fruition.

18 LENZIE HARCUM: The contingency
19 plan for the building itself?

20 COUNCIL MEMBER REYNA: Correct.

21 LENZIE HARCUM: Right. As I
22 mentioned, we have agreements within the lease
23 that spell out for the long term that if the
24 commercial opportunities do not come together for
25 the developer--

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COUNCIL MEMBER REYNA: Um, hm.

LENZIE HARCUM: -- there will be academic lab space opportunities available for the developer. There is also a restriction--

COUNCIL MEMBER REYNA:
[Interposing] Academic, I'm sorry, just stay right there.

LENZIE HARCUM: Academic lab space.

COUNCIL MEMBER REYNA: Academic lab space for a specific institution?

LENZIE HARCUM: Sure.

COUNCIL MEMBER REYNA: Or, that's already spelled out in--

LENZIE HARCUM: Yes.

COUNCIL MEMBER REYNA: -- the actual lease. And, what institution is that?

LENZIE HARCUM: Any of them. Any of the seven large institutions that are in--

COUNCIL MEMBER REYNA:
[Interposing] Seven large, as in which ones?

LENZIE HARCUM: Well, the ones that Chairman White had mentioned, Mount Sinai, Memorial Sloan Kettering, Hospital for Social Surgery, NYU, any of those particular academic

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2 research institutions have quite an appetite for
3 lab space.

4 COUNCIL MEMBER REYNA: Um, hm.

5 LENZIE HARCUM: And, they have
6 restrictions in that lab space right now because
7 they're located in Manhattan.

8 COUNCIL MEMBER REYNA: Um, hm.

9 LENZIE HARCUM: And so, that is the
10 long term opportunity for the developer.

11 COUNCIL MEMBER REYNA: Um, hm.

12 And, how much of an investment is being made by
13 the developer of the project towards the
14 investment that was funded?

15 LENZIE HARCUM: The developer is
16 making a \$700 million investment in the project.

17 COUNCIL MEMBER REYNA: And, as far
18 as government is concerned, what is the amount
19 that government is providing as an investment?

20 LENZIE HARCUM: I have that
21 information for you here. Off the top of my head,
22 there was City funding of \$13.5 million. There
23 was state funding that came together from \$27
24 million. There was IDA funding of approximately
25 \$6 million. EDA funding of approximately \$2

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2 million. Plus, there was a land lease on the
3 City-controlled property.

4 COUNCIL MEMBER REYNA: And, he
5 invested how much?

6 LENZIE HARCUM: The long term
7 investment for the developer of this project is
8 anticipated to be \$700 million.

9 COUNCIL MEMBER REYNA: And, the
10 total for the, forgive me I don't have a pen on
11 me, so I couldn't calculate very quickly. The
12 total on the IDA investment, the City-owned land
13 [crosstalk]

14 LENZIE HARCUM: [Interposing] The
15 IDA benefits came to--

16 COUNCIL MEMBER REYNA: The total,
17 just if you can calculate the total amount that
18 you just mentioned.

19 LESLIE RAMOS: It will be about
20 48.5.

21 COUNCIL MEMBER REYNA: Thank you,
22 Leslie. Fantastic. So, I just wanted to have an
23 accounting as to what we're talking about as far
24 as investments on both sides is concerned. And, I
25 look forward to seeing the partnerships that you

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2 believe are within the lease between the developer
3 and the City concerning any type of apprenticeship
4 slots that were created because of the
5 construction side, as well as partnerships with
6 our CUNY system that could provide great
7 opportunities for CUNY graduates, as a whole.

8 LENZIE HARCUM: We will get back
9 with you--

10 COUNCIL MEMBER REYNA: Thank you.

11 LENZIE HARCUM: -- on that. Thank
12 you.

13 CHAIRPERSON WHITE: We've been
14 joined by another colleague, Council Member
15 Mitchell. And, I mentioned Council Member Palma
16 before. Okay. I received the statement from
17 Councilman Gerson. And, it's a statement on the
18 Committee on Economic Development regarding the
19 boundaries of the Chinatown/Lower East Side Empire
20 Zone, June 4th, '09 hearing. It goes to state that
21 he supports the expansion of the Chinatown/Lower
22 East Side Empire Zone, but our support is based on
23 three conditions that has been discussed
24 previously. We will withdraw the support if these
25 conditions are not affirmed before the full

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Council meeting next week.

The three conditions are; one, fully fund the operation of New York City Space Science Center at the Lower East Side; two, establish the enhanced biotech industry in the existing Empire Zone; and three, EDC will work to create an Asian Pacific Trade Center within the Zone. These conditions are in addition to the job fair and other measures agreed to by EDC and the community. I will be available to discuss this matter with EDC between now and next week.

Any other questions? Okay. There being none, I want to thank you very much.

LESLIE RAMOS: Thank you.

LENZIE HARCUM: Thank you, Chairman.

CHAIRPERSON WHITE: The following panel will consist of Maria Gotsch, New York City Investment Fund, Nathan Tinker, New York Biotech Association and Dr. David Liebowitz, Vivaldi Bioscience. Ms. Gotsch.

MARIA GOTSCH: Thank you very much, Chairman White and good afternoon to you and the rest of the members of the Committee on Economic

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2 Development. So, thank you very much for the
3 opportunity to testify this afternoon in support
4 of the expansion of the Empire Zone, the
5 Chinatown/Lower East Side Empire Zone to include
6 the East River Science Park.

7 I run the New York City Investment
8 Fund, which is the economic and development arm of
9 the Partnership for New York City. So, we're
10 really here representing the business community.
11 And, building a commercial biotech industry in the
12 City has been one of our top priorities for the
13 last six or seven years. And, we've worked very
14 closely with a number of different parties around
15 the City, EDC, Manhattan Borough President Scott
16 Stringer, to try to bring this very important
17 project to fruition.

18 And, actually in the current
19 economic environment of the restructuring of Wall
20 Street and the expectation that those jobs are not
21 going to come back as they used to be, this
22 project has taken on new importance in terms of
23 the need to build out a new sector within New York
24 City that can create jobs and pay taxes in lieu of
25 the restructuring of financial services. So, we

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2 are very supportive of this project and believe
3 that this is our best near term opportunity to
4 capture the jobs and the tax revenues that are
5 currently leaving the City of New York.

6 So, as the representatives from the
7 City mentioned, New York City has a wealth of
8 resources. We have some of the brightest
9 scientists. We have some of the best lab
10 technicians; some of the best doctors and nurses.
11 We've got lawyers, accountants, public relations
12 people, all the support things that you need to
13 have a biotech industry. And, the key thing that
14 we've been missing is lab space because a biotech
15 company, as Dr. Liebowitz can tell you, cannot go
16 into a building like this to operate. It needs
17 specialized equipment. And, that's very expensive
18 to build out. So, this office park is really
19 going to be the first place where companies can
20 stay and grow that are doing experiments to create
21 drugs and to create the next generation of
22 products that will cure diseases for New Yorkers
23 and the rest of the country.

24 So far, New York City has done an
25 excellent job of coming up with very smart ideas.

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2 The problem has been that those ideas, when they
3 get to be commercialized, which means they hire
4 people and they start paying taxes, that's exactly
5 the point when that science leaves New York City
6 and goes to Pennsylvania. It goes to New Jersey.
7 It goes to Massachusetts; goes to California. So,
8 we have done a very good job of incubating
9 companies that have gone elsewhere and this is our
10 best shot, as I mentioned, to try to keep those
11 companies here.

12 So, the expansion of the Empire
13 Zone is a targeted expansion. It targets the
14 bioscience sector. This is specialized space so
15 the companies moving in there will be biotech
16 companies. So, that's who's going to benefit.
17 And, this is really about saying, as a City, that
18 we believe that this is a sector that we should
19 support. We want to grow. And, we're at a
20 crucial point. The economy, as you know, is in a
21 difficult position. It's expensive for these
22 companies to stay in New York. And, we think this
23 is a key piece that is going to allow these
24 companies to want to stay in this City and grow
25 and hire people.

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2 And, we are putting our money where
3 our mouth is. We have committed \$15 million to
4 this project. We will make loans at subsidized
5 rates to companies that move into the facility.
6 And, when they're moving in, they're moving in
7 with employees to create jobs and, again, to pay
8 taxes.

9 So, again, we're here to support
10 this. We think it's a wonderful idea. And, we
11 think it's sort of a key moment in time to put
12 this program in place to help these companies so
13 that we can grow this very important sector.

14 Thank you.

15 DAVID LIEBOWITZ: Thank you,
16 Chairman White and the rest of the members of the
17 Committee for allowing me to speak today on behalf
18 of Vivaldi Biosciences. My name is David
19 Liebowitz. And, I'm the Chief Scientific Officer
20 for Vivaldi and our main laboratories, right now,
21 are located in Bellevue Hospital Center, which is
22 adjacent to the East River Science Park. And, I'm
23 here today to discuss, Intro 940, which, with your
24 support, will add the East River Science Park to
25 the Chinatown/Lower East Side Empire Zone.

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2 So, Vivaldi is a venture-backed
3 biotech company. And, we're actually developing
4 advanced vaccines to prevent seasonal and emergent
5 pandemic influenza. So, it's a very timely
6 discussion, as well. And, our Company was founded
7 on a combination of scientific leadership, and I
8 think, as was already mentioned today, the novel
9 technology platform was licensed on a combination
10 of intellectual property and strong proof of
11 concept data that came out of Mount Sinai School
12 of Medicine here in New York City.

13 Our lead investor was a prominent
14 San Francisco-based venture capital firm, which is
15 Bay City Capital. And, as we were initially
16 building the investment syndicate, we had planned
17 to found the company as a San Francisco Bay Area-
18 based biotech company. And, as I'm sure you're
19 aware, this is more often than not what happens
20 with technology that's licensed from New York City
21 University. We were planning to found the company
22 in mid-2008, which, as you're aware also, is a
23 very difficult funding environment for biotech
24 startups with what was happening in the market at
25 that time.

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2 At around the same time, we became
3 aware of the full extent of the plans for the East
4 River Science Park, which was to become the City's
5 first commercial research facility. And, as the
6 Chief Scientific Officer for the company, I
7 actually preferred to establish Vivaldi's
8 headquarters and laboratories in New York in order
9 to continue to have direct scientific
10 collaborations with our academic founders and,
11 also, other outstanding investigators in the City.
12 And, ultimately, this was the decision that we
13 made as the management and the founding investor,
14 Bay City Capital. And, it's proven to be a very
15 successful move for us.

16 After we made this decision, we
17 were able to raise a \$23.5 million Series A
18 financing in the last half of 2008. And, that's
19 no small feat for that time. And, in fact, aside
20 from Bay City Capital, all of our other investors
21 came from New York City. We were able to attract
22 NGN Capital, which is a New York-based venture
23 firm and also the New York City Investment Fund
24 and actually Alexandria Real Estate are investors
25 in our company as well. And, we established our

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2 laboratories in Bellevue Hospital in October of
3 last year.

4 Since that time, we've hired ten
5 scientific management and senior staff members and
6 all but three of those were recruited from other
7 states. So, we've attracted people to New York
8 City, very successfully. And, in fact, four of
9 those people we attracted away from Bay area
10 biotech companies or universities. The other
11 members of the area we actually hired from New
12 York City universities. And, we have several
13 junior staff members that we also hired from the
14 New York City area. So, I think to the point that
15 was being raised earlier, we are contributing very
16 well to the local economy, both attracting people
17 from abroad and hiring local talent from New York
18 City universities.

19 In my own personal view, there can
20 be more stories like Vivaldi if New York City
21 better addresses the impediments that biotech
22 companies face who wish to locate here. You know,
23 the lack of commercial space, the wet lab space
24 that's required is being addressed by the East
25 River Science Park. And, second, the Empire Zone

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2 tax incentives will address the high cost of real
3 estate that commercial biotech companies, you
4 know, face when they're looking to locate here.

5 To conclude, we, the management of
6 Vivaldi, and our investors believe that New York
7 City is the best place in the world for innovation
8 to thrive. We've demonstrating this, you know, by
9 actively bringing the company back to New York
10 from San Francisco and proving Empire Zone
11 benefits for East River Science Park is an
12 important step to building biotech as an emerging
13 industry in New York City and can make the same
14 decision much easier for other companies. Thank
15 you for your time. And, I'm willing to answer any
16 questions that you may have.

17 CHAIRPERSON WHITE: Okay. Thank
18 you.

19 NATHAN TINKER: Good afternoon.
20 Thank you, Chairman White and members of the
21 Committee. My name is Nathan Tinker. And, I'm
22 the Executive Director of the New York
23 Biotechnology Association and on behalf of NYBA,
24 I'm here to support adding the East River Science
25 Park to the China/Lower East Side Empire Zone.

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2 As the state trade association for
3 the biotechnology and bioscience industry, NYBA
4 represents over 250 member companies across New
5 York State. About a third of those reside here in
6 New York City with another third in Westchester
7 and Long Island. Altogether, in the greater New
8 York area, there are about 14,000 biotechnology
9 and bioscience workers. These are largely small
10 and emerging companies, some with only a handful
11 of employees. But larger companies, like OSI
12 Pharmaceuticals and Pfizer, are members of NYBA,
13 as well. And, in all, over 55,000 people rely
14 upon the bioscience industry for their livelihoods
15 in New York State.

16 As the City's first commercial
17 research facility, the East River Science Park is
18 a major milestone in the development of New York's
19 bioscience industry. Unlike Boston or San Diego,
20 which each support millions of square feet in
21 incubator and commercial research space, New York
22 has yet to embrace the full strength of its local
23 bioscience industry. New York's universities are
24 some of the nation's most active in patenting
25 bioscience discoveries, and we graduate more PhDs

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2 than any other city. Perhaps just as important,
3 New York is home to more than 60 venture capital
4 firms and investment banks that finance the
5 biosciences. Put together, these facts should
6 mean that New York cultivates an unequaled
7 entrepreneurial bioscience community with massive
8 growth potential.

9 The fact is, though, that New York
10 does not yet cultivate bioscience jobs. Today,
11 less than 20% of bioscience technologies
12 discovered in New York mature in New York. Most
13 quickly move to competing cities that are
14 perceived as more welcoming to commercial
15 biopharmaceutical development. Bioscience
16 discoveries, and discoverers, are highly mobile,
17 and they will migrate to the locales that offer
18 the best opportunity to develop and grow
19 commercial businesses. Boston and San Diego,
20 which already have multiple facilities like East
21 River Science Park, are no less expensive places
22 to work and do business than New York, but they
23 have created a business environment that is
24 conducive not just to basic academic research, but
25 to the local incubation and commercialization of

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that research.

This is why extending the Chinatown/Lower East Side Empire Zone is so important. The small and emerging companies that make up the majority of New York's bioscience industry desperately need affordable local space in which to nurture their discoveries, to build businesses, to create jobs, and to retain top-level talent.

Entrepreneurs want to build businesses in New York, to keep those high-paying jobs here, but they need your help. I urge you to support 990 to give small and emerging bioscience companies the tools they need to put down their roots, to grow, and to bloom in New York City. Thank you very much.

CHAIRPERSON WHITE: Thank you. Gotsch.

MARIA GOTSCH: [Off mic]

CHAIRPERSON WHITE: Yes. I believe in your testimony, you mentioned about X amount of the investment that people would be coming in and they were bringing in their own personnel. And, where is the job creation within that, the context

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2 of that?

3 MARIA GOTSCH: So, a lot of
4 bioscience companies are very similar to Vivaldi.
5 They go out and they raise money from funds like
6 ourselves and other funds. And then, the bulk of
7 that money is actually spent on salaries for
8 people because the heart of, particularly, early
9 and middle-stage biotech companies is the
10 researchers, the lab technicians, the
11 administrative people that work in those
12 companies. So, the 23 million that Vivaldi has
13 raised, as an example, most of that-- some of that
14 will go for equipment. But, most of that is going
15 to pay the salaries of the people. So, when a
16 company raises money and is successful, that money
17 basically gets spent sort of within New York City,
18 'cause it's being spent on salaries for the most
19 part. And then, as the company progresses in its
20 science and if it's successful, then it can raise
21 more money and then, again, that money is used
22 typically to hire people and to grow the staff.

23 CHAIRPERSON WHITE: Okay. I
24 understand that. I mean, I think it's very
25 important that we have an opportunity in the

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2 sciences to develop. I think you said Boston has
3 how many square feet of space?

4 NATHAN TINKER: Millions.

5 CHAIRPERSON WHITE: Millions of
6 square feet of space.

7 MARIA GOTSCH: About 16 million
8 square feet.

9 CHAIRPERSON WHITE: Sixteen
10 million.

11 MARIA GOTSCH: Of lab space, yes.

12 CHAIRPERSON WHITE: Of lab space.
13 Now, that's a lot of space.

14 MARIA GOTSCH: That's a lot of
15 space.

16 CHAIRPERSON WHITE: But, a lot of
17 people have to work in that space.

18 MARIA GOTSCH: That's right.

19 CHAIRPERSON WHITE: And, what are
20 we talking about?

21 NATHAN TINKER: Well, in New York -

22 -

23 CHAIRPERSON WHITE: No, in Boston.

24 NATHAN TINKER: In Boston? There
25 are, I don't have the numbers off the top of my

1
2 head, but New York, greater New York, including
3 northern New Jersey is actually the largest
4 concentration of bioscience workers in the United
5 States, if you look at it [off mic] Westchester
6 vicinity and northern New Jersey. Boston comes in
7 second. Behind that probably San Diego or Raleigh
8 Durham, actually, in terms of raw numbers.

9 CHAIRPERSON WHITE: So, when you
10 look at Boston, you look at Boston in and of
11 itself.

12 NATHAN TINKER: Well, no. It's the
13 metropolitan area. So, it includes Cambridge, you
14 know, the metropolitan--

15 CHAIRPERSON WHITE: [Interposing]
16 And, when you look at New York, you look at Long
17 Island and...

18 NATHAN TINKER: Well, just in terms
19 of the raw numbers you get from the Census Bureau
20 and other sources, yeah, you look at the greater
21 New York metropolitan zone.

22 CHAIRPERSON WHITE: Okay. Getting
23 back to - - colleague, in terms of the job
24 opportunities. Where are the job opportunities
25 now? I tend to think that more often than not, we

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2 speak in terms of job opportunity for somebody to
3 work helping to build the building and things of
4 that nature. But, I'm quite sure we have
5 individuals who come from our communities that
6 have gone on to college that do have their PhDs
7 and who are interested in the sciences and things
8 of that nature that are looking for an opportunity
9 to so-call research and develop and be a part of
10 the discovery of medical and scientific endeavors
11 that could help society as a whole. And, you
12 talked about, I believe, it started in San Diego,
13 somebody said, mentioned San Diego. Doctor?

14 MARIA GOTSCH: The--

15 CHAIRPERSON WHITE: The company
16 that started in San Diego.

17 DAVID LIEBOWITZ: San Francisco.

18 CHAIRPERSON WHITE: San Francisco,
19 forgive me. And, then they got headquarters here
20 now?

21 DAVID LIEBOWITZ: Yes.

22 CHAIRPERSON WHITE: Okay. Now, I
23 have a question about headquarters because some
24 companies and some businesses will establish an
25 address and an office in New York City and

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2 redesignate that as their headquarters. So, they
3 will have a New York City headquarters, but
4 basically all of their job opportunity is in
5 Connecticut, New Jersey or something to that
6 nature. When you say this came from California -
7 - right, where is the place in California?

8 DAVID LIEBOWITZ: No, no. What I
9 said, though, is our laboratories and headquarters
10 are now here. So, we have wet lab space and all
11 of our employees are working here.

12 CHAIRPERSON WHITE: Okay.

13 DAVID LIEBOWITZ: So, we were
14 planning to establish the working laboratories in
15 California and when we became aware of the
16 capabilities and the East River Science Park, we
17 decided that we would rather be close to academic
18 founders who were at Mount Sinai. And, we decided
19 to move the company back to New York and now, all
20 of our research employees and our headquarters are
21 at Bellevue Hospital. And, ultimately, we'd like
22 to move to the East River Science Park when it's
23 completed. So, you know, the full functional
24 company is now here in New York.

25 CHAIRPERSON WHITE: And, how many

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employees do you have?

DAVID LIEBOWITZ: We have about 15. So, we went from zero to 15, well, actually one, I was the original employee, went from one to 15 since October.

CHAIRPERSON WHITE: Okay. And, you expect it to grow?

DAVID LIEBOWITZ: We are expected to grow. We just approved four new employees last week.

CHAIRPERSON WHITE: Okay. Do you expect to give them more money?

DAVID LIEBOWITZ: More money? Yeah.

CHAIRPERSON WHITE: No--

MARIA GOTSCH: [Interposing] If they meet the--

DAVID LIEBOWITZ: If they meet their objectives.

MARIA GOTSCH: If they meet their scientific milestones.

DAVID LIEBOWITZ: Yeah.

MARIA GOTSCH: So, if the researchers are good and meet the milestones,

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2 then, yes. We're committed to do more money if
3 they meet a milestone.

4 CHAIRPERSON WHITE: And, how many
5 square feet are we talking about when we finish
6 these three structures?

7 MARIA GOTSCH: It would be a
8 million square feet.

9 CHAIRPERSON WHITE: A million
10 square feet.

11 MARIA GOTSCH: Yes.

12 CHAIRPERSON WHITE: Okay.

13 MARIA GOTSCH: So, we're well on
14 our way. We're not there to equal Cambridge.
15 But, that, in our mind, when we first looked at
16 this sector, a million square feet was the
17 critical mass that you had to make an investment
18 in, the public private partnership to have enough
19 activity going on so that we could consider
20 ourselves an active cluster. And so, when one
21 company went out of business, there'd be another
22 company that would start to employ those people.
23 So, a million square feet is a critical number.

24 CHAIRPERSON WHITE: Okay. I think
25 it's a big number.

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MARIA GOTSCH: Yeah.

CHAIRPERSON WHITE: But, you'll be doing research and all endeavors concerning the various medical institutions in the New York City area as outlined in the bill, 940, right? Excuse me, Councilman Mitchell, do you have a question?

COUNCIL MEMBER MITCHELL: No, I don't, sir.

CHAIRPERSON WHITE: Okay. I'm not going to hold you. I got two schools of thought. One, I admire. I know the need of bioscience and its importance to not only New York City, but also to the world in terms of discovery. But, by the same token, when we get to those other institutions whereby medical services are provided due to the discovery of various vaccines and things, HW256 and H1N1 and all of that, that with the shrinking of many of our, at least in my district and in adjoining district, of hospital closings, people will not be, you know, at the end of receiving the benefits of the discoveries will be long in coming because of the cost of medical care and the cost of developing sciences. So, there's going to be a lot of people who will not

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2 be able to take advantage of discoveries, who will
3 not be in a position to afford that kind of
4 medical care. Do we have somewhere within
5 developing this an agreement whereby with those
6 institutions that will be the beneficiaries of the
7 sciences and the discoveries for those who are
8 poor and least can afford the kind of medical
9 services that will be derived from the science
10 development that you have or you intend to have?

11 MARIA GOTSCH: Yeah. I think a way
12 to think about that is a number of bioscience
13 companies are working on drugs that are
14 preventative in nature. So, for instance, this is
15 a vaccine to prevent you from getting sick. So,
16 to try to avoid the expensive hospitalization
17 care.

18 CHAIRPERSON WHITE: Can I go get it
19 now? I'm just teasing.

20 MARIA GOTSCH: I wish. I wish.

21 CHAIRPERSON WHITE: I wish, too.
22 okay.

23 MARIA GOTSCH: That [crosstalk] we
24 got a return on our investment.

25 CHAIRPERSON WHITE: Yeah.

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2 MARIA GOTSCH: We're not there yet.
3 So, with them as an example, and we have some
4 other, two other investments in biotech companies.
5 One is going to do a drug for breast cancer, to
6 prevent breast cancer. So, a lot of the shift in
7 healthcare is moving towards preventative
8 healthcare to try to keep people from getting sick
9 in the first place. So, that a certain amount of
10 those activities will be hopefully happening at
11 East River Science Park.

12 CHAIRPERSON WHITE: Well, you know,
13 I'm a firm believer in preventive medicine. And,
14 I think you get a bigger bang for the buck--

15 MARIA GOTSCH: Yes.

16 CHAIRPERSON WHITE: -- when you
17 move with the concept of preventing people from
18 getting sick. Those individuals who work,
19 whatever their vocations or professions are, are
20 less likely to be out from work and can do their
21 work and be more productive. And, therefore, for
22 lack of a better term, we can make more in terms
23 of resource and recovery. So, I have no further
24 questions. Other than to say that it's a nice
25 hope and I think we need hope in this, I mean,

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2 people are getting sick, you know, watching the
3 stock market, you know, depression. Depression
4 will make you sick. So, maybe we can get an anti-
5 depression serum that people can take, you know.
6 Being a politician, you get stressful, you know.

7 So, but, all in all, taking in
8 consideration the presentation and the
9 introduction of what my colleague entered into the
10 record, I think it's a good project. We have
11 other testimony to give. And, one person and I
12 recognize her so well. I want to thank you.

13 MARIA GOTSCH: Thank you.

14 DAVID LIEBOWITZ: Thank you.

15 CHAIRPERSON WHITE: Okay. Keep up
16 the good work. Okay. Bettina Damiani, Good Jobs
17 New York. You're on.

18 BETTINA DAMIANI: Great. Thank
19 you. My name is Bettina Damiani from Good Jobs
20 New York. Thank you, Chairman White, for inviting
21 me to speak today about Intro 940. Good Jobs New
22 York is a project of the Fiscal Policy Institute
23 here in New York City and Good Jobs First, based
24 in Washington, D.C. We keep track of economic
25 development subsidies with the goal of creating

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good jobs.

We understand the City's desire to diversify the City, the economy. And, we applaud that. We're not alone for saying that very long the City's relied much too much on the fire, the financial and real estate industry in New York City and that biosciences is a viable option to do that.

There's been heavily investment already in this project. One of the largest concerns that we've been hearing today and throughout is the heavy lift that it takes to build a science park. And, with that, the City's already invested quite a bit. The property's owned by HHC, so they have quite hefty sales and property tax breaks. There's been contributions from the City and the State. And, there's IDA benefits. All those are helped to nurture the creation of this space.

To then put on top of it a proposal for Empire Zone benefits seems counterintuitive on a variety of levels. One is that there's already a subsidy that's available for the area. It's the qualified emerging technology company tax credit

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2 from the State. Our largest concern here is that
3 the Empire Zone program is a notoriously broken
4 program. Everybody in this state is looking way
5 to change it, get rid of it, make it more
6 accountable.

7 So, it doesn't reflect well on New
8 York City Council when we're looking for ways to
9 expand it. There's supposed to be a connection
10 when you do adjust the boundaries for an Empire
11 Zone that it would have some connection to the
12 original Zone. I have not yet seen, and maybe
13 this is in materials that others have and I'd love
14 to see them if it does exist, that the employment,
15 the unemployment and economic develop means of
16 Chinatown somehow matches that of the East River
17 Science Park. These are totally two different
18 areas.

19 The Empire Zone program was created
20 specifically to help distressed areas and poor and
21 unemployed people. So, there needs to be I think
22 a much clearer understanding of what the Empire
23 Zone's original intent was and how that merges
24 with moving into the East River Science Park,
25 which already, again, has gotten quite a few

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2 subsidies.

3 I just want to build on some of the
4 previous comments. Talking about that the area's
5 a community in need of economic growth. I don't
6 know where putting in the science park is going to
7 directly affect the community around First Avenue
8 and 29th and 30th Street. There's no expectation
9 for that. The Empire Zone is a totally
10 unaccountable program. We would almost rather see
11 subsidies go through the Industrial Development
12 Agency, where there would be advanced notice of
13 what was being offered. There'd be a public
14 hearing. And, most of the time, the IDA does a
15 good job of putting in some kind of clawback.
16 Would we rather have the clawbacks be stronger
17 than they are? Certainly.

18 But, there's nothing to say that
19 you can give these companies a subsidy and that
20 they're not going to have to leave in three years.
21 At the very least, what needs to be done is that
22 if these companies come in and they take advantage
23 of these benefits, that they have to promise to
24 stay here for a number of years. There's nothing
25 saying that they can just take these benefits and

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2 be gone in two years. The Pfizer is a very good
3 example of what could happen. Pfizer took the
4 subsidy and then, they closed their Brooklyn plant
5 because the IDA let them. There needs to be more
6 stringent clawbacks on these deals.

7 Secondly, there's discussion about
8 having a community benefit agreement. I have to
9 tell you the hair went up the back of my neck when
10 I heard that term. First of all, there has never
11 been a real CBA in New York City. They come out
12 of the area around Los Angeles in California and
13 been built up in different areas around the
14 country. A CBA takes a long time. It's a very
15 public transparent process and has diverse
16 interests at the table. I haven't heard anything
17 about this CBA. I would like to learn more about
18 it and who those players might be.

19 The City's often said they're not
20 allowed to get involved in CBAs. They've kept
21 their hands off the one going on in Kingsbridge
22 Armory, to a certain extent. There's a CBA at
23 Yankee Stadium, but there's no guarantee that
24 people around that area are going to get jobs.
25 So, the term CBA I think is flawed. Maybe MOU

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2 might be a better one. And, that it should be
3 done more transparently.

4 So, I think to sum up two points is
5 the Empire Zone program is not the right program
6 to the expanding in New York City. The rest of
7 the state's looking to get rid of it. And, I
8 don't think it looks wise on our policymaking to
9 expand it. And, two, any kind of subsidy,
10 additional subsidy, that go into that space need
11 to make sure that those companies have promised to
12 stay for a certain number of years and make a
13 connection to helping local folks on the ground.

14 The issue around addressing
15 students at CUNY was a very relevant one. If
16 we're going to use subsidies, City and State
17 subsidies, we need to make sure that they're
18 helping bringing people either out of poverty or
19 increasing their opportunities in the job market.
20 Thank you.

21 CHAIRPERSON WHITE: Thank you. As
22 always, constructive criticism and alternatives.
23 I think that your criticism is well taken. And,
24 perhaps you can forward some of those ideas to the
25 Chair.

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2 BETTINA DAMIANI: I'd be happy to,
3 thank you.

4 CHAIRPERSON WHITE: If not for this
5 project, for future. And, I would like for you to
6 get in contact with Council Member Gerson to get
7 some of the information that you said that you
8 would like to be a part of and know of. And,
9 maybe we can find out. Do we know how long we're
10 going to be there?

11 FEMALE VOICE: The companies?

12 CHAIRPERSON WHITE: How many years?

13 MALE VOICE: There's an arrangement
14 in the [off mic]

15 CHAIRPERSON WHITE: Is there any
16 commitment for the companies to stay in terms of
17 time? Is there a time, you know, you get the
18 benefits and then you stay for three years and
19 leave. Is there a commitment--

20 MALE VOICE: [Off mic] question on
21 the Empire Zone.

22 CHRIS SHEPHERD: Sir, of course,
23 the length of time a business will be at the East
24 River Science Park is completely dependent upon
25 the lease that they sign. And then, the Empire--

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2 CHAIRPERSON WHITE: Oh, okay. Can
3 you come up? No, no, you sit right there. I'm
4 going to try to get some of your answers right
5 now. I mean, we're here and we might as well talk
6 about it.

7 CHRIS SHEPHERD: I'm Chris Shepherd
8 [phonetic]. I work with the New York City
9 Economic Development Corporation.

10 CHAIRPERSON WHITE: Uh, huh.

11 CHRIS SHEPHERD: So, in terms of
12 benefits and them sort of walking away with the
13 business after they receive them, the Empire Zone
14 program has evolved over the years to mend itself
15 from its broken status on 2000 Quesy [phonetic]
16 benefits were created under poor legislation that
17 was taking advantage of and in 2002, 3 and 5,
18 those issues have been addressed. And now, in
19 fact, businesses that don't provide economic
20 development benefit through either wages and
21 benefits or investments to property, plant and
22 equipment, simply don't get benefits from the
23 Empire Zone program.

24 And, under the most recent
25 legislation, to further stem the concern that this

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2 program has created, they now remove certification
3 from businesses after three years of certification
4 if they don't at least provide a one to one ratio,
5 meaning they don't provide \$1 of benefit, in wages
6 and benefits and investment, for every dollar they
7 get out of the state. So, they can get
8 decertified now by the state. So, these problems
9 are all being addressed. And, a clawback
10 provision is basically now unnecessary because,
11 you know, just simply in order to access benefits,
12 you have to provide an upfront economic
13 development benefit.

14 CHAIRPERSON WHITE: Well, just to
15 go along with what she's saying, we're not going
16 to come to a conclusion. I'm just saying... So,
17 if I had a business, if it was me, and I was
18 getting the benefit and I can get decertified and
19 I wanted to move, all I have to do is stop doing
20 what I agreed to do, not get certified and I move.
21 Is that possible? Yes or no?

22 CHRIS SHEPHERD: You can break your
23 lease. You can move. You can do whatever you
24 want. But, as soon as you leave the Empire Zone
25 program, unless you're moving to another zone,

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2 which by the way, you need a zone resolution to
3 do, you need to get a pass from the original zone
4 to make that happen. If you don't get that,
5 you're decertified from the program and you get no
6 benefit from the Empire Zone program.

7 CHAIRPERSON WHITE: Okay. What
8 about the benefits we've already gave you?

9 CHRIS SHEPHERD: Those were derived
10 from economic development that you have already
11 created.

12 CHAIRPERSON WHITE: Okay. All
13 right. I just wanted to ask the questions since
14 everyone was here and, to open up some dialogue
15 because we can always improve to make things
16 better. All right. So, I hope that I got some of
17 the answers. And, I appreciate the fact that
18 those individuals involved stayed behind to hear
19 so that even though I may not have asked the
20 question, they heard the question that you asked
21 me that I can't answer and maybe we can open up
22 the lines of communication for, if not this
23 development, future. Okay. All right. I want to
24 thank you very much. And, meeting's adjourned.
25

C E R T I F I C A T E

I, DeeDee E. Tataseo certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature

A handwritten signature in cursive script that reads "DeeDee E. Tataseo". The signature is written in black ink and is positioned above a horizontal line.

Date

July 28, 2009