

EXPLANTORY STATEMENT PURSUANT TO PUBLIC AUTHORITIES LAW §2897.7(b)
for a negotiated transaction for the former
Livingston Correctional Facility
in the towns of Sonyea and Groveland, Livingston County

May 24, 2023 (updated to ABO by
email on September 6, 2023)

REGISTERED MAIL

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New York State Urban Development Corporation d/b/a Empire State Development (“ESD”) provides this explanatory statement, pursuant to Public Authorities Law §2897.7(b), for the pending negotiated transaction between ESD, as transferor, and Livingston County Industrial Development Agency (“LCIDA”), as transferee:

- (i) A full description of the asset: Multiple buildings and land of approximately 177 acres located in the towns of Sonyea and Groveland, Livingston County constituting the former Livingston Correctional Facility (as depicted on attached Schedule A).
- (ii) An appraisal of the fair market value of the asset: Pursuant to an independent appraisal obtained by New York State Office of General Services, the appraised fair market value of the Livingston Correctional Facility is \$425,000.
- (iii) A description of the purpose of the transfer and a reasonable statement of the kind and amount of the benefit to the public resulting from the transfer: The transfer will allow locally directed redevelopment of the property that can provide employment and entrepreneurial opportunities to residents of Livingston, Steuben, Allegany, and Wyoming counties, improve municipal finances by placing the currently tax-exempt property on the local tax rolls, and save the State of New York the financial burden of the current carrying costs for the vacant Livingston Correctional Facility. The transfer will be subject to an ESD reversionary interest if LCIDA fails to redevelop the property within ten years of the transfer date.
- (iv) A statement of the value to be received compared to the fair market value: The independently appraised fair market value of the property is \$425,000. The current annual carrying cost for the vacant surplus facility is \$67,392 and escalating. The transfer will not provide any financial consideration to ESD. The property was financed and refinanced with tax exempt bonds issued by ESD in the public debt markets, and an ESD transfer for financial consideration could violate IRS regulations applicable to facilities financed with tax exempt bonds and cause bond investors to lose the tax-exemption of interest on the ESD bonds. ESD Bond counsel advised ESD that such result can be avoided

if ESD disposes of the facility for no financial consideration. Nevertheless, the transfer will result in economic development benefits to the State and local communities: the transfer allows locally directed redevelopment of the property to provide potential employment and entrepreneurial opportunities to residents of Livingston, Steuben, Allegany, and Wyoming counties; the transfer improves local municipal finances by placing the currently tax-exempt property on the local tax rolls; and the transfer eliminates the State's obligation to pay carrying costs for the vacant Livingston Correction Facility.

- (v) The names of the private parties participating in the transfer: ESD will make the transfer to LCIDA. No other parties will participate in the transaction.
- (vi) The names of the private parties who have made an offer for such asset, the value offered, and the purpose for which the asset was sought to be used: No other offer was received for the property.
- (vii) Expected date of Sale of the Property: A day on which banks in the State of New York are authorized to be open to transact business during business before the end of calendar year 2023.

Richard Dorado
Senior Counsel

SCHEDULE A

