

Grantee: Empire State Development Corporation (NYS)

Grant: B-02-DW-36-0002

July 1, 2009 thru September 30, 2009 Performance Report

Grant Number:

B-02-DW-36-0002

Obligation Date:

09/15/2003

Grantee Name:

Empire State Development Corporation (NYS)

Award Date:**Grant Amount:**

\$783,000,000.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Reviewed and Approved

Submitted By:

No Submitter Found

Disasters:

Declaration Number

FEMA-DR-1391-NY

Plan Description:

The Lower Manhattan Development Corporation was created in the aftermath of September 11, 2001 by Governor Pataki and then-Mayor Giuliani to help plan and coordinate the rebuilding and revitalization of Lower Manhattan, defined as everything south of Houston Street. The LMDC is a joint State-City corporation governed by a 16-member Board of Directors, half appointed by the Governor of New York and half by the Mayor of New York. LMDC is charged with ensuring Lower Manhattan recovers from the attacks and emerges even better than it was before. The World Trade Center attacks resulted in a staggering loss of life and extensive physical destruction to Lower Manhattan. Approximately 30 million square feet of commercial space was damaged or eliminated, and seven buildings in the World Trade Center site were completely leveled. Critical transportation infrastructure was disrupted or obliterated, including the PATH station, the 1/9 subway line and sections of Route 9A and Church Street. Vehicular access to the area south of Canal Street was prohibited for seven days. As a result of the tragedy, residential occupancy rates in the immediate region dropped to 60%, over 100,000 jobs were displaced, and small and large businesses struggled to maintain viability. The World Trade Center attacks inflicted widespread destruction upon the energy (electric, gas, and steam) and telecommunications utility infrastructure, resulting in extensive disruptions in service to the business and residential communities of Lower Manhattan. The energy and telecommunications firms responded rapidly in the aftermath of the disaster to provide emergency and temporary services and they are currently working to restore permanent service to all customers located within Lower Manhattan. The costs to deliver emergency and temporary services and to rebuild damaged infrastructure for permanent service delivery are considerable and have been borne by the affected utility service providers to the extent not covered by their insurance providers or funds from other sources such as lawsuits.

Recovery Needs:

The Lower Manhattan Development Corporation (LMDC) has prepared the following Partial Action Plan with regard to the \$783 million federal appropriation administered by the United States Department of Housing and Urban Development (HUD) for damaged properties and businesses (including the restoration of utility infrastructure) as well as for economic revitalization related to the terrorist attacks at the World Trade Center. LMDC received a separate \$2 billion federal appropriation through HUD for the World Trade Center disaster recovery and rebuilding efforts.

This Plan details LMDC's proposed expenditure of \$750 million to fund a program to restore, rebuild, and revitalize utility infrastructure in Lower Manhattan. The program will be administered by Empire State Development (ESD), New York State's economic development agency, in cooperation with the New York City Economic Development Corporation (EDC), and in consultation with the Lower Manhattan Development Corporation. This plan also details LMDC's proposed expenditure of \$33 million of that appropriation to fund a program to assist businesses in Lower Manhattan that suffered disproportionate loss of life as a result of the attacks on September 11, 2001. The program will be administered by Empire State Development (ESD), New York State's economic development agency in cooperation with the New York City Economic Development Corporation (EDC).

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$783,000,000.00
Total CDBG Program Funds Budgeted	N/A	\$783,000,000.00
Program Funds Drawdown	\$9,007,148.43	\$339,608,115.94
Obligated CDBG DR Funds	(\$15,000,000.00)	\$623,735,000.00
Expended CDBG DR Funds	\$9,082,092.95	\$339,452,841.73
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	\$0.00	\$29.26
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$0.00	\$0.00
Limit on Admin/Planning	\$0.00	\$10,701,178.65
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

Overall Progress Narrative:

LMDC continued to make progress in its rebuilding activities. Please see individual reports for more information.

Project Summary

Project #, Project Title	This Report Period		To Date	
	Project Funds Budgeted	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
0201, Emergency&TempServResponse	\$0.00	\$0.00	\$250,000,000.00	\$158,317,234.00
0202, Permanent Restore & Improve	\$0.00	\$0.00	\$330,000,000.00	\$112,228,381.00
0203, Service Interference	\$0.00	\$0.00	\$60,000,000.00	\$0.00
0204, Carrier Neutral Conduits	\$0.00	\$0.00	\$50,000,000.00	\$0.00
0205, Redundant Fiber Infrastructure	\$0.00	\$0.00	\$7,500,000.00	\$0.00
0206, Infrastructure Improvements	\$0.00	\$0.00	\$0.00	\$0.00
0233, Disproportionate Loss	\$0.00	\$0.00	\$66,000,000.00	\$32,999,997.00

0900, Administration	\$0.00	\$233,248.41	\$15,000,000.00	\$10,701,178.33
130L-S2-0171, 130L-S2-0171	\$0.00	\$8,773,900.02	\$37,500,000.00	\$25,361,325.61
9999, Restricted Balance	\$0.00	\$0.00	\$0.00	\$0.00
BCKT, Bucket Project	\$0.00	\$0.00	(\$33,000,000.00)	\$0.00

Activities

Grantee Activity Number:	130L-S2-0171
Activity Title:	130L-S2-0171

Activity Category:

Rehabilitation/reconstruction of public facilities

Project Number:

130L-S2-0171

Projected Start Date:

05/18/2004

National Objective:

Slums and Blight

Activity Status:

Under Way

Project Title:

130L-S2-0171

Projected End Date:

05/18/2009

Responsible Organization:

Empire State Development Corporation

Overall

	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$37,500,000.00
Total CDBG Program Funds Budgeted	N/A	\$37,500,000.00
Program Funds Drawdown	\$8,773,900.02	\$25,361,325.61
Obligated CDBG DR Funds	\$15,000,000.00	\$29,735,000.00
Expended CDBG DR Funds	\$8,848,844.54	\$25,206,051.08
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The former Deutsche Bank Building at 130 Liberty Street was severely damaged on September 11, 2001 and remains unoccupied. LMDC acquired the 130 Liberty Site in 2004. Partial Action Plan 7 and its amendments provided funding for the acquisition of the property in August 2004 as well as subsequent costs to insure, manage, monitor, abate and deconstruct the building at the site. The costs associated with the abatement and deconstruction is currently estimated to exceed the amounts allocated in Partial Action Plan 7. This amended partial action plan S-2 allocates \$37,500,000 within HUD Grant B02DW360002 for the 130 Liberty Street deconstruction Program under this activity 130L-S2-0171. LMDC will seek to recover costs for the 130 Liberty Deconstruction Program from a number of third parties. Recovery will be sought from the general contractor based on all available contract claims, including indemnification and insurance. LMDC will also continue to seek contributions from the prior insurers of the building in accordance with the Deconstruction Funding and Settlement Agreement, a portion of which has already been received for designated costs incurred in 2007 and 2008. In addition, LMDC will seek to recover funds from Deutsche Bank related to the cost of abatement of hazardous material that existed in the building before September 11, 2001. Funds recovered would be reallocated to categories 5 and 6 in accordance the priorities established in the Allocation of Program Funds section above

Location Description:

Activity Progress Narrative:

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Public Facilities	0	0	0	0/0	0/0	0/1
# of Persons benefitting	0	0	0	0/7323	0/12798	0/204618

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: CAT1-201

Activity Title: CAT1-201

Activity Category:

Privately owned utilities

Project Number:

0201

Projected Start Date:

09/15/2003

National Objective:

Urgent Need

Activity Status:

Under Way

Project Title:

Emergency&TempServResponse

Projected End Date:

06/30/2005

Responsible Organization:

Empire State Development Corporation

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$250,000,000.00
Total CDBG Program Funds Budgeted	N/A	\$250,000,000.00
Program Funds Drawdown	\$0.00	\$158,317,234.00
Obligated CDBG DR Funds	(\$30,000,000.00)	\$220,000,000.00
Expended CDBG DR Funds	\$0.00	\$160,303,906.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

---- PROGRAM OBJECTIVES ---- The World Trade Center attacks inflicted widespread destruction upon the energy (electric, gas, and steam) and telecommunications utility infrastructure, resulting in extensive disruptions in service to the business and residential communities of Lower Manhattan. The energy and telecommunications firms responded rapidly in the aftermath of the disaster to provide emergency and temporary services and they are currently working to restore permanent service to all customers located within Lower Manhattan. The costs to deliver emergency and temporary services and to rebuild damaged infrastructure for permanent service delivery are considerable and have been borne by the affected utility service providers to the extent not covered by their insurance providers or funds from other sources such as lawsuits. Congress appropriated \$750 million to assist with the revitalization of Lower Manhattan for the restoration of utility service, the rebuilding of utility infrastructure, and to help properties and businesses. The objectives of the Utility Restoration and Infrastructure Rebuilding program are (1) to protect business and residential customers from bearing the cost of the infrastructure rebuilding; and (2) to enhance the revitalization and redevelopment of Lower Manhattan as a world-class commercial and residential community by encouraging investment in energy and telecommunications infrastructure. Funds allocated through this program will accordingly seek to:

- Offset uncompensated emergency response, restoration, and rebuilding costs borne by the utility service providers that might otherwise be passed through to customers. Uncompensated costs are those costs borne by the utility service provider after they have diligently and aggressively pursued all insurance recoveries within the terms and conditions of the applicable insurance policies covering their losses.
- Maintain Lower Manhattan as a competitive and attractive location for business, cultural, and residential development by assisting in the redevelopment of cost-competitive and quality-competitive energy and telecommunications services. This program will provide financial assistance directly to energy and telecommunications service companies for reimbursement of qualified emergency and temporary restoration costs and will provide monies for permanent restoration. To remain consistent with Congressional intent for the appropriation, this program has been structured to allocate funds that give greatest priority to the restoration of destroyed utility infrastructure, and the consequent protection that affords to impacted business and residential customers.

---- PROGRAM COORDINATION ---- ESD/EDC seeks to coordinate the efforts of federal and state grant programs to the fullest extent possible. The program priorities are to ensure construction efficiencies, avoid duplicative construction work, and to maximize the use of state and federal funding. Thus, close coordination of projects resulting from the various federally funded programs administered by New York State and City agencies and ESD/EDC is necessary. Work on the streets will be coordinated with NYS Department of Transportation (NYS DOT) and New York City Department of Transportation (NYC DOT). This action plan will encourage and promote joint work proposals and programs whenever and wherever possible. Coordination is required for utility infrastructure work eligible for Categories two, Three, Four, Five, and Six funding that occurs along the same street segments with City administered programs, notably the Federal Highway Administration Emergency Relief program (ER program) and work initiated after the publication date of the Partial Action Plan. This includes voluntary and/or mandated service enhancements/improvements and/or interference/maintenance project costs. All work that is coordinated and completed in conjunction with the ER program will be up to 100% reimbursable to the extent that funds are available. In such cases this program will make HUD funds available for the City for up to 100% of the costs associated with the infrastructure portion of coordinated utility work. In situations where utility and City federally funded work (funds coming from HUD or the ER program)

occur in the same street segment, the City and participating companies are directed, to the maximum extent possible and reasonable, to proceed in the following fashion: · All participating entities shall coordinate with the City and State to develop an implementation program. To the greatest extent possible, it is expected that the City or State schedules will be preferred. · A joint plan should be developed among the affected utilities, the City, and the State, that includes, to the fullest extent possible, coordinated methods of procurement that combine the planned utility infrastructure work with the City or State street restorations to maximize the use of the available funds and minimize delays in the progression of the infrastructure work. · The City or State will coordinate all work scopes and service requirements for both utility and City or State infrastructure work into one bid package and follow applicable procurement rules to procure all project work. · The City will manage the implementation of the coordinated procurement contract. All participating entities in a particular project are required to work closely with the City through implementation and approval of all appropriate work. · In cases where coordination between utilities, the City, and State is not possible, and such work is necessary for utility restoration of permanent service, funds will be made available directly to the utilities for required interference cost reimbursement. Sole, eligible service provider costs will be reimbursed up to 75% of actual, uncompensated, incurred, and documented costs to the extent that funds are available. Uncompensated costs are those costs borne by the utility service provider after they have diligently and aggressively pursued all insurance recoveries within the terms and conditions of the applicable insurance policies covering their losses. In addition, for all work completed under this Partial Action Plan, the utilities, firms selected through the RFP processes, and the City will jointly create an inventory of underground facilities in Lower Manhattan. The utilities are responsible for providing as-built drawings to the City, preferably in electronic format. Each organization will map its own facilities, accurately showing the work as installed. The standard for submitting these drawings is available at the City Department of Transportation Office of Construction, Mitigation, and Coordination. The current standard requires that such record drawings be signed, stamped, and sealed by a Professional Engineer. These record drawing requirements are to be considered part of the permitting process, and the original record drawings are to be submitted to the NYC DOT Office of Construction, Mitigation, and Coordination. ---- Eligible Costs ---- Eligible utility service providers may submit a request for reimbursement of uncompensated costs (uncompensated costs are those costs borne by the utility service provider after they have diligently and aggressively pursued all insurance recoveries within the terms and conditions of the applicable insurance policies covering their losses and not compensated by any other source of funds, including, but not limited to, other state or federal funds, or lawsuits) incurred for: (1) providing emergency, temporary, and permanent restoration of utility service to Lower Manhattan; and (2) the rebuilding of utility infrastructure. Lost revenues and business interruption losses are not eligible costs under this fund. With respect to claims for reimbursement of damages sustained as a result of the events of September 11, 2001: reimbursement covered under any applicable insurance policy shall be primary to any consideration for receipt of funding through this Partial Action Plan. As such, coverage under all applicable insurance policies shall pay first in the event that coverage was in place. Any uncompensated costs that remain after receipt of all applicable insurance recoveries may then be submitted for consideration under this Plan. Eligible cost categories include: 1. Emergency and temporary service response 2. Permanent restoration and infrastructure improvements 3. Service interference 4. Construction of carrier neutral lateral conduit 5. Construction of redundant fiber connections to critical facilities 6. Mandated infrastructure improvements ESD/EDC will allocate \$735 million among the categories listed above and recognizes that eligible costs incurred by the utility service providers and other eligible parties may exceed the total \$750 million fund. The eligible cost categories are listed in order of reimbursement priority. In the event that eligible costs exceed allocated funds, eligible costs for emergency and temporary response will be addressed first, with additional funding flowing upward from the lowest priority categories in which funds remain available. Upon the fulfillment of Category 1 requests, Category 2 will become the highest priority, with funds moving upward from the lowest available category to address requests in excess of the present allocation, and so forth, for Categories 3 and 4, as funds remain available. ---- Review of Eligible Costs ---- ESD/EDC has established a cooperative, multi-agency review process for the evaluation and validation of eligible costs and disbursement of funds with the New York State Department of Public Service (DPS). ESD will administer the program in cooperation with EDC. DPS staff will provide technical consultation to ESD/EDC to help determine the validity of eligible, incurred costs submitted by the utility service providers for reimbursement and their appropriate categorization within the priority hierarchy established above. Eligible service providers must submit incurred expenses for reimbursement in accordance with the expense categories outlined in this Partial Action Plan and the eligibility criteria described for each category. Service providers must allow DPS staff access to the financial books and records of the company and its affiliates (both regulated and unregulated) related to Lower Manhattan service delivery, in order to ensure confirmation of expenditures claimed for reimbursement and their appropriate categorization within the fund allocation hierarchy. Such access must also be extended to federal officials in accordance with administration of the federal funds for this program. In instances where work is coordinated with City street work funded by FHWA, the service providers will also make available to City and State DOT and FHWA staff cost estimates and related financial records as the basis for contracting City street work. Any service provider not seeking reimbursement for Category One expenditures (already reimbursed through insurance or other funds) is nonetheless encouraged to provide information about those costs and reimbursements to this program. This will assist ESD/EDC in establishing a clearer picture of total infrastructure costs incurred by category in recovering from the attack-inflicted damage. Eligible costs are limited to those incurred for: (1) providing emergency, temporary, and permanent restoration of utility service to Lower Manhattan; and (2) the rebuilding of utility infrastructure. In the event that total reimbursement from all sources, including this fund, exceeds uncompensated losses, the recipient will return to ESD the excess funds. Service providers seeking reimbursement must disclose all related insurance coverage and the status of pending and settled claims. ---- Role of Department of Public Service Staff ---- DPS staff will assist ESD/EDC in the examination and review of the costs incurred, including a recommendation of the cost category in which expenditures qualify for recovery. DPS staff will also review and check costs charged to the eligible companies; relevant books and records and will evaluate, to the extent possible, whether the requested reimbursement represents necessary improvement to the system. DPS staff will check costs for which companies seek reimbursement based on Generally Accepted Auditing Standards using sampling methods outlined in Statement on Auditing Standards (SAS) No. 39. SAS #39 generally defines Audit Sampling as the application of an audit procedure to less than 100% of the items within an account balance or class of transactions for the purpose of evaluating some characteristic of the balance or class. ---- Allocation of Program Funds ---- ESD/EDC anticipates that the majority of non-reimbursed, uncompensated expenses incurred

in Category 1 would be reimbursed up to 100%, once audited and verified. Uncompensated costs are those costs borne by the utility service provider after they have diligently and aggressively pursued all insurance recoveries within the terms and conditions of the applicable insurance policies covering their losses. Pending the availability of remaining funds, expenses incurred in Categories 2, 3, 4, 5, and 6 should be reimbursed at a partial level to ensure that available funds are apportioned among all affected firms, except if the work is coordinated with the City as provided under Program Administration, in which case the reimbursement will be up to 100% subject to availability of funds. ESD/EDC recognizes that because of the scope and complexities of the different utility infrastructures involved, the time required to complete the audit and verification of each firm's respective submissions may differ substantially. The Partial Action Plan is structured to ensure that available funds will not be allocated simply on a "first come, first served" basis, but rather that each category of expense submitted by each utility will receive fair and equitable consideration. As noted previously, Category 1 is considered the highest priority for reimbursement of incurred and confirmed costs. Should funds presently allocated to that category prove insufficient to cover verified submissions by utility service providers, available funds from Categories 6, then 5, then 4, then 3, then 2, in reverse priority order, will be reallocated to address eligible expenses in Category 1. Upon the fulfillment of Category 1 requests, Category 2 will become the highest priority, with funds moving upward from the lowest available category to address requests in excess of the present allocation, and so forth, for Categories 3 and 4, as funds remain available. Finally, as a condition for receiving reimbursement for eligible costs, as described previously, applicants must certify that expenditures for which they have received compensation, either through insurance, jurisdictional cost allocations, tax credits or deductions, or gross revenue exclusions, other revenue recovery methods, and from this federal appropriations program, will not be assessed against customers. Moreover, recipients of funds will be under a continuing obligation to inform ESD/EDC of monies received from any outside source that compensate the recipient for any costs for which the recipient has been reimbursed pursuant to this plan. Service providers receiving funds will be in compliance with all applicable local, state, and federal regulatory requirements. --- Environmental Regulations Compliance --- Any application from a utility service provider for funds under this Partial Action Plan as approved will be considered by HUD as a federal action. On the application date, unless the project has already been determined to be an exempt activity as defined by federal regulations, all physical development activities for the project site or activity proposed.

Location Description:

Eligible applicants for this program are limited to investor-owned utility service providers under the jurisdiction of the New York State Public Service Commission (NYSPSC), the Federal Energy Regulatory Commission (FERC), or the Federal Communications Commission (FCC), with service territory in the affected area in Lower Manhattan, that incurred unreimbursed expenditures resulting from impact damage related to the attacks on September 11, 2001. (Note exception to eligibility below.) For the purposes of this program, Lower Manhattan is the area on and south of Canal Street, from the East River to the Hudson River (except for Category 6). Publication of the Partial Action Plan serves as the solicitation for eligible submissions for damage reimbursement from utility service providers. This Plan makes one exception to eligibility requirements above, for funding Categories Four (Construction of Carrier Neutral Lateral Telecommunications Conduit) and Five (Construction of Redundant Fiber Connections to Critical Facilities). Funding under these two categories is not restricted to regulated utilities that suffered damage related to the September 11, 2001 attacks. Eligible applicants under these two categories will be solicited through a Request for Proposals (RFP) process under the plan. Any firm able to demonstrate its qualifications to perform the proposed work may submit a proposal.

Activity Progress Narrative:

CATEGORY ONE--EMERGENCY AND TEMPORARY SERVICE RESPONSE-- Disbursements were made during the 3rd quarter of 2009 under Category One, they were as follows: (\$17,517,779.00).

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Businesses	0	0	0	0/0	0/0	55857/28511
# of Persons benefitting	0	0	0	21072/21072	8727/8727	60122/60122

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources**Amount**

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: CAT2-202**Activity Title: CAT2-202****Activity Category:**

Privately owned utilities

Activity Status:

Under Way

Project Number:

0202

Project Title:

Permanent Restore & Improve

Projected Start Date:

09/15/2003

Projected End Date:

12/31/2005

National Objective:

Urgent Need

Responsible Organization:

Empire State Development Corporation

Overall**Jul 1 thru Sep 30, 2009****To Date**

Total Projected Budget from All Sources	N/A	\$330,000,000.00
Total CDBG Program Funds Budgeted	N/A	\$330,000,000.00
Program Funds Drawdown	\$0.00	\$112,228,381.00
Obligated CDBG DR Funds	\$0.00	\$330,000,000.00
Expended CDBG DR Funds	\$0.00	\$110,241,709.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

---- Category 2: Permanent Restoration and Infrastructure Improvements ---- Eligible costs under this category are those incurred to permanently replace, restore, and enhance the equipment and infrastructure to deliver energy and telecommunications utility services. Where appropriate and cost effective, infrastructure restoration using current technology will likely exceed the service quality and/or capacity of the pre-September 11, 2001 systems being restored. Technology advances over the past two decades have brought significant improvements in utility infrastructure capacity and capabilities, particularly in telecommunications. In certain cases, restoration of permanent service in Lower Manhattan will reasonably entail the replacement of some infrastructure with more modern or resilient technology options. These options may improve the system by increasing capacity, service quality and/or public safety as compared to September 10, 2001, levels at a marginally higher cost than that of prior generations of equipment or other options. Alternatively, companies may desire to implement significant infrastructure improvements at a greater than marginally higher cost. ESD/EDC, in consultation with DPS staff, will evaluate the infrastructure improvement for its delivery of technological currency, increased capacity and/or capability, and improved resiliency. The applicant must demonstrate how local government and the business community were consulted in the development of the infrastructure improvement plan, and how that plan reflects the priority needs of Lower Manhattan redevelopment and public safety. ESD/EDC consultations with local government and the business community have clearly identified priorities for telecommunications infrastructure improvement that must be incorporated into any proposal in order to qualify for funds under Category 2. (This Partial Action Plan does not impose any similar requirements on energy services providers.) Telecommunications infrastructure improvement must include, prioritized as follows: (1) Plans for development of fully redundant central office capacity; and (2) A self-healing fiber optic ring for the Lower Manhattan service area. Expenditures under this category will be reimbursed at 75% of incurred costs, subject to availability of funds, with the exception of street-related work coordinated with the City as provided under Program Coordination (as described in the Activity Description for Category 1 in the HUD Action Plan), in which case the reimbursement will be up to 100%. Category 2 funding awards will be based on the following criteria: 1) The extent to which the investment reflects the needs of local government and the business community regarding utility infrastructure in Lower Manhattan through: a. increased resiliency of utility service; b. increased capacity of utility service; and c. other benefits of technology and advanced utility infrastructure. 2) The scope of the project proposal given the amount of funding requested. The applicant bears the burden of proving that expenditures in this category provide for infrastructure restoration to similar or enhanced service levels prior to the attacks. Further, the application must clearly identify what was installed as permanent service improvements and restorations and further provide rationales as to why

the investment in improved technology is in the best interests of the business and residential customers. Documentation must explain and justify fully why the selected technology is the most cost and quality competitive option available and why such system improvements should be assisted through federal recovery funds. Eligible costs will be reimbursed up to 75% of actual incurred, uncompensated, and documented costs (except street-related work coordinated with the City). Uncompensated costs are those costs borne by the utility service provider after they have diligently and aggressively pursued all insurance recoveries within the terms and conditions of the applicable insurance policies covering their losses. In the event that sufficient funding is not available to meet all applications and submittals made under this category, reimbursement may be limited to such amount per applicant as ESD/EDC determines best meets the objectives of this plan within the established review process. Applicants are encouraged to submit proposals to incur costs for advance review prior to commitment of capital investment. The deadline for submittal of documented incurred permanent service restoration and improvement costs is December 31, 2004. The deadline may be extended at the discretion of ESD/EDC.

Location Description:

Eligible applicants for this program are limited to investor-owned utility service providers under the jurisdiction of the New York State Public Service Commission (NYSPSC), the Federal Energy Regulatory Commission (FERC), or the Federal Communications Commission (FCC), with service territory in the affected area in Lower Manhattan, that incurred unreimbursed expenditures resulting from impact damage related to the attacks on September 11, 2001. (Note exception to eligibility below.) For the purposes of this program, Lower Manhattan is the area on and south of Canal Street, from the East River to the Hudson River (except for Category 6). Publication of the Partial Action Plan serves as the solicitation for eligible submissions for damage reimbursement from utility service providers. This Plan makes one exception to eligibility requirements above, for funding Categories Four (Construction of Carrier Neutral Lateral Telecommunications Conduit) and Five (Construction of Redundant Fiber Connections to Critical Facilities). Funding under these two categories is not restricted to regulated utilities that suffered damage related to the September 11, 2001 attacks. Eligible applicants under these two categories will be solicited through a Request for Proposals (RFP) process under the plan. Any firm able to demonstrate its qualifications to perform the proposed work may submit a proposal.

Activity Progress Narrative:

CATEGORY TWO--PERMANENT RESTORATION AND INFRASTRUCTURE IMPROVEMENTS- Disbursements were made during the 3rd quarter of 2009 under Category Two, they were as follows: (\$9,082,093.00).

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Businesses	0	0	0	0/0	0/0	28511/28511
# of Persons benefitting	0	0	0	21072/21072	8727/8727	60122/60122

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number: CAT5-205

Activity Title: CAT5-205

Activity Category:

Privately owned utilities

Project Number:

0205

Projected Start Date:

09/15/2003

National Objective:

Urgent Need

Activity Status:

Under Way

Project Title:

Redundant Fiber Infrastructure

Projected End Date:

12/31/2010

Responsible Organization:

Empire State Development Corporation

Overall

Jul 1 thru Sep 30, 2009

To Date

Total Projected Budget from All Sources	N/A	\$5,000,000.00
Total CDBG Program Funds Budgeted	N/A	\$5,000,000.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

---- Category 5: Construction of Redundant Fiber Connections to Critical Facilities ---- During the quarter, the Partial Action Plan was amended to decrease the allocation for construction of redundant fiber connections to critical facilities by \$2.5 million.

Location Description:

Lower Manhattan - the area on and south of Canal Street, from the East River to the Hudson River.

Activity Progress Narrative:

Category 5: Construction of Redundant Fiber Connections to Critical Facilities - During the quarter, the Partial Action Plan was amended to decrease the allocation for construction of redundant fiber connections to critical facilities by \$2.5 million.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Businesses	0	0	0	0/0	0/0	0/28511
# of Persons benefitting	0	0	0	0/21072	0/8727	0/60122

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: CAT6-206

Activity Title: CAT6-206

Activity Category:

Privately owned utilities

Project Number:

0206

Projected Start Date:

09/15/2003

National Objective:

Urgent Need

Activity Status:

Under Way

Project Title:

Infrastructure Improvements

Projected End Date:

12/31/2004

Responsible Organization:

Empire State Development Corporation

Overall

Jul 1 thru Sep 30, 2009

To Date

Total Projected Budget from All Sources	N/A	\$0.00
Total CDBG Program Funds Budgeted	N/A	\$0.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

---- Category 6: Mandated Infrastructure Improvements ---- This category anticipates that utilities may face new regulatory mandates or be the subject of other government programs aimed at improving the security of vital utility services in Lower Manhattan. For this category only, the eligible area is defined as the area on and south of Houston Street. Eligible costs will be considered for upgrades to service delivery infrastructure to meet federal, state, and municipal regulatory mandates and participate in programs for system security and redundancy. ESD/EDC and DPS staff will review costs submitted for reimbursement under the mandated upgrade category to ensure that they directly reflect the cost of conformance to mandated directives. Eligible costs will be reimbursed up to 100% of actual incurred and documented costs. In the event that sufficient funding is not available to meet all applications and submittals made under this category, reimbursement may be limited to such amount per applicant as ESD/EDC determines best meets the objectives of this plan within the established review process. The deadline for application and submittal of cost documentation under this category is December 31, 2004. This deadline may be extended if regulatory developments remain unresolved at that time, and if program funds are still available to address costs under this category.

Location Description:

Eligible applicants for this program are limited to investor-owned utility service providers under the jurisdiction of the New York State Public Service Commission (NYSPSC), the Federal Energy Regulatory Commission (FERC), or the Federal Communications Commission (FCC), with service territory in the affected area in Lower Manhattan, that incurred unreimbursed expenditures resulting from impact damage related to the attacks on September 11, 2001. (Note exception to eligibility below.) For the purposes of this program, Lower Manhattan is the area on and south of Canal Street, from the East River to the Hudson River (except for Category 6). Publication of the Partial Action Plan serves as the solicitation for eligible submissions for damage reimbursement from utility service providers. This Plan makes one exception to eligibility requirements above, for funding Categories Four (Construction of Carrier Neutral Lateral Telecommunications Conduit) and Five (Construction of Redundant Fiber Connections to Critical Facilities). Funding under these two categories is not restricted to regulated utilities that suffered damage related to the September 11, 2001 attacks. Eligible applicants under these two categories will be solicited through a Request for Proposals (RFP) process under the plan. Any firm able to demonstrate its qualifications to perform the

proposed work may submit a proposal.

Activity Progress Narrative:

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Businesses	0	0	0	0/0	0/0	0/28511
# of Persons benefitting	0	0	0	0/21072	0/8727	0/60122

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number: PA

Activity Title: PA

Activity Category:

Administration

Project Number:

0900

Projected Start Date:

09/15/2003

National Objective:

N/A

Activity Status:

Under Way

Project Title:

Administration

Projected End Date:

12/31/2009

Responsible Organization:

Empire State Development Corporation

Overall

Jul 1 thru Sep 30, 2009

To Date

Total Projected Budget from All Sources	N/A	\$17,500,000.00
Total CDBG Program Funds Budgeted	N/A	\$17,500,000.00
Program Funds Drawdown	\$233,248.41	\$10,701,178.33
Obligated CDBG DR Funds	\$0.00	\$11,000,000.00
Expended CDBG DR Funds	\$233,248.41	\$10,701,178.65
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The Partial Action Plan reserves \$17.5million, or 2% of the total fund, for costs related to ESD/EDC administration of the program as well as LMDC's oversight. The Plan reserves \$3.5 million for program monitoring costs by LMDC and \$10 million to be administered by ESD for program management costs. Program administration costs are anticipated for program publication, review of proposed infrastructure investments, environmental review clearance, financial evaluation and processing of funding requests, and auditing of disbursed funds. The Plan sets aside \$4.0 million to upgrade the New York City MOSAICS system. Roadway construction to be performed with Partial Action Plan funds is administered via a City Department of Transportation permit and construction administration system known as MOSAICS. Upgrading the MOSAICS system will facilitate and improve permit administration, construction planning, and program audit functions for the level of work proposed by the Partial Action Plan. Any unused funds from Program Administration may be reallocated to meet funding needs in other categories.

Location Description:

N/A

Activity Progress Narrative:

PLANNING AND ADMINISTRATION--&ndash- UTILITIES RESTORATION AND INFRASTRUCTURE REBUILDING (URIR) PROGRAM.-- During the quarter, the Partial Action Plan was amended to increase the allocation for Planning and Administration by \$2.5 million. The additional \$2.5 million will mostly be used for processing of funding requests and auditing of claims for payment. ESD continued to incur costs in connection with the general management, oversight and coordination of the URIR Program.

Performance Measures

No Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources
