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Andrew M. Cuomo - Governor

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Governor Cuomo Announces Agreement to Provide Financial Assistance to City of Niagara Falls

Plan will minimize public employee layoffs and tax increases while protecting the taxpayers and Niagara Falls government in casino dispute

Albany, NY (November 9, 2012)

Governor Andrew M. Cuomo today announced that the New York Power Authority (NYPA) Board of Trustees has approved a plan to provide assistance to the City of Niagara Falls that will help the city address budget issues related to an ongoing casino revenue dispute between the state of New York and the Seneca Nation of Indians. The city received approximately \$18 million a year of casino revenue as a host city before the dispute and is owed more than \$60 million.

NYPA will accelerate payments that it committed to provide to the City of Niagara Falls under the 2007 relicensing of the Niagara Power Project. The Power Authority will convert an \$850,000 annual payment stream that it would otherwise provide the city with over the next 44 years into an equivalently valued lump-sum amount of approximately \$13.45 million. The assistance will enable the City of Niagara Falls to respond to its current cash flow crisis and ensures that the city will meet its debt obligations, although the city still faces some difficult fiscal challenges ahead.

"With Niagara Falls facing a crisis as a result of the Seneca Nation's failure to pay the amounts due under the Compact, the state is stepping up to provide fiscal stability, minimize layoffs and ensure that essential services continue," Governor Cuomo said. "I am pleased that the City of Niagara Falls and NYPA have reached this agreement which will save vital jobs and relieve local taxpayers from having to foot the bill of the casino dispute."

A three-person panel is currently arbitrating the dispute between New York State and the Seneca Nation of Indians. The panel will determine whether terms of a 2002 gambling compact between the state and the Senecas have been violated. The Senecas claim the state breached exclusivity provisions by introducing casino-like gambling at non-Indian horse racing tracks in western New York that the Senecas allege compete against the games offered at Seneca casinos. Since 2009, the Senecas have withheld payments to the state, resulting in the local share not being delivered to the host communities: Salamanca, Niagara Falls and Buffalo.

Once the arbitration process concludes, and the City of Niagara Falls begins receiving casino revenue, the City could then return the money to NYPA and continue receiving its annual payments of \$850,000.

New York Power Authority Chairman John R. Koelmel said, "The City of Niagara Falls is one of the host communities for the Power Authority's Niagara Power Project and a close partner of ours in efforts spearheaded by Governor Cuomo to spur economic development, clean energy and other significant initiatives benefiting the city and Western New York. We're happy to help the city with its immediate budgetary difficulties in modifying the timing of our previously committed funding stemming from the relicensing of the Niagara project. The funding is to support capital projects and other initiatives that the city undertakes on behalf of its residents."

Senator George D. Maziarz said, "I am extremely pleased and I thank the New York Power Authority and Governor Cuomo for taking action to help while we are awaiting the arbitration decision. I have been working behind the scenes, through ups and downs, for a long time now trying to get some relief for Niagara Falls, and I am glad to see this funding coming through. The people of Niagara Falls have fallen victim to the disagreement between the State and Senecas and these accelerated payments will hopefully go a long way in assisting them in their time of need."

Assemblyman John Ceretto said, "The City of Niagara Falls was in a dire circumstance but with today's announcement that NYPA has approved a plan to assist the city address its current budget issues, we can take a step back while continuing to explore long-term solutions to

the city's fiscal challenges. I applaud the Governor and NYPA for today's action and pledge to continue to work with Governor Cuomo and his administration to resolve the ongoing casino revenue dispute."

City of Niagara Falls Mayor Paul Dyster said, "This money will stabilize the city's finances, allowing us to make debt payments, as well as meet payroll and other short-term obligations. As we go back to the drawing board to craft a budget that includes the NYPA assistance, the effects of the ongoing Seneca Nation dispute with the State of New York on the City of Niagara Falls' budget will still be felt, but they will certainly be reduced. I want to thank Governor Cuomo and NYPA for helping the City of Niagara Falls."

The Mayor will present a revised budget, which takes into account the NYPA assistance, to the city council in the near future. The budget must be passed by December 15, 2012.

NYPA has provided low-cost hydropower and annual funding to Niagara County, the City of Niagara Falls, the towns of Lewiston and Niagara and three area school districts since 2007 when the Federal Energy Regulatory Commission issued the Niagara project a new operating license. Each of these entities shares in the allocation of a minimum of 25 megawatts of low-cost hydroelectric power, as well as at least \$5 million per year in direct payments as part of a host communities fund. Another \$3 million is set aside annually for the host communities in support of projects tied to the development of the Niagara River Greenway.

Overall, NYPA is providing hundreds of millions of dollars of benefits for Western New York over the Niagara project's 50-year relicensing.

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