

September 24, 2013

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

SUBJECT: Transfer of Business Power Allocations

SUMMARY

The Trustees are requested to approve the transfer of Recharge New York (“RNY”) Power and Replacement Power (“RP”) allocations for four existing customers, Avery Dennison Information Systems, APP Pharmaceuticals, LLC, ESCO Turbine Technologies Syracuse, and Syracuse Castings Sales Corporation, which have requested such transfers due to changes of corporate ownership.

BACKGROUND

This is an administrative item brought to the Trustees at regular intervals. All four of the companies are requesting that the Trustees approve a transfer of their existing power allocation to a new corporate entity. The power allocation and/or benefits for these four customers will continue to be delivered to the same location. All of the customers will continue to provide the same products and/or services as they did prior to the transfers. The reasons for such transfer requests are described below.

The transfer of RNY Power allocations involved in this item were approved by the Economic Development Power Allocation Board (“EDPAB”) at its September 24, 2013 meeting, as required by Economic Development Law § 188-a(g).

The EDPAB and the Trustees have approved transfers of this nature in the past.

DISCUSSION

Avery Dennison Information Systems (“Avery”), located in Buffalo, Erie County, has a 250 kilowatt (“kW”) RP allocation most recently extended by the Trustees on May 26, 2010 as part of the comprehensive Western New York hydropower extensions. Avery is currently in compliance with its contractual obligations. Avery and all of its assets and liabilities were acquired by CCL Label Inc. (“CCL”) on July 1, 2013 and CCL has requested the transfer of the RP allocation from Avery to CCL. The Authority has been advised that the transferee will commit to honor all of the terms and conditions that pertain to the RP allocation including commitments related to jobs and capital investment.

APP Pharmaceuticals (“APP”), located in Grand Island, Erie County, has four RP allocations totaling 4,500 kW, consisting of two active allocations totaling 2,000 kW extended as part of the comprehensive Western New York hydropower extensions, and two pending

allocations totaling 2,500 kW not yet in service. In 2008 APP's parent company, Fresenius Kabi Pharmaceuticals Holding, Inc. ("Fresenius"), completed an asset and liability acquisition of APP. Fresenius decided to keep APP as the corporate subsidiary until August 2012, when Fresenius dissolved APP as a corporate entity and completed the business transition. The company is requesting to transfer the four allocations to Fresenius Kabi USA, LLC. The Authority has been advised that the transferee will commit to honor all of the terms and conditions that pertain to the RP allocations including commitments related to jobs and capital investment.

ESCO Turbine Technologies Syracuse ("ESCO"), with facilities located in Chittenango, Madison County, was recommended for and received a 906 kW RNY Power allocation on April 24, 2012. Due to the sale of the company's assets and liabilities, ESCO is now named Consolidated Precision Products Syracuse. The company has requested that the allocation be transferred to a new corporate entity named "Consolidated Precision Products Syracuse" and has indicated that the new entity will commit to honor all of the terms and conditions of the company's existing RNY Power contract, including those related to jobs and capital investment.

Syracuse Castings Sales Corporation ("Syracuse Castings"), with facilities located in Cicero, Onondaga County, was recommended for and awarded a 146 kW RNY Power allocation on April 24, 2012. Due to the sale of the company's assets and liabilities, Syracuse Castings is now East Jordan Iron Works, Inc., d/b/a EJ USA, Inc. The company has requested that the allocation be transferred to a new corporate entity named "East Jordan Iron Works, Inc." The Authority has not yet executed a contract with the customer as it awaits the formal transfer approval. The Authority has been advised that the transferee will commit to honor all of the terms and conditions that pertain to the RNY Power allocation, including commitments related to jobs and capital investment.

RECOMMENDATION

The Manager – Business Power Allocations and Compliance recommends that the Trustees approve the transfer of the power allocations for four existing customers, Avery Dennison Information Systems, APP Pharmaceuticals, LLC, ESCO Turbine Technologies Syracuse, and Syracuse Castings Sales Corporation, which have undergone changes in corporate ownership. All of the transferees are maintaining the same industry operations and agree to meet contractual commitments associated with the power allocations.

For the reasons stated, I recommend the approval of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

Gil C. Quiniones
President and Chief Executive Officer

Att.
Transfers of IP

RESOLUTION

RESOLVED, That the Authority hereby authorizes the transfers of Recharge New York and Replacement Power allocations to four companies in accordance with the terms described in the attached memorandum of the President and Chief Executive Officer; and be it further

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