



**Date:** May 24, 2016  
**To:** THE TRUSTEES  
**From:** THE PRESIDENT and CHIEF EXECUTIVE OFFICER  
**Subject:** Transfer of Power Allocations

SUMMARY

The Trustees are requested to approve:

1. transfer of a 375 kilowatt ("kW") Recharge New York ("RNY") Hydropower allocation from a facility of The Specialized Packaging Group, Inc. ("SPG") located at 8800 Sixty Road, Baldwinsville, NY to SPG's facility at 2900 McLane Drive, Baldwinsville, NY, in connection with the transfer of SPG's operations from the Sixty Road facility to the McLane Drive facility, and an adjustment to the term of this allocation as described below;
2. transfer of a 1,430 kW RNY Power allocation from Yeshiva University ("Yeshiva") to Albert Einstein College of Medicine, Inc. ("AECOM"), in connection with AECOM's assumption of operational responsibility for the facility at which the allocation may be used;
3. transfer of a 308 kW RNY Hydropower allocation from Val Tech Holdings, Inc. ("Val Tech") to ENNOVEA, LLC ("ENNOVEA"), in connection with the sale of the business; and
4. transfer of a 2,000 kW Expansion Power ("EP") allocation from BlackRock, Inc. to BlackRock Niagara LLC in connection with the company's formation of a subsidiary to own and operate a new datacenter facility in Western New York for which the EP allocation was awarded.

At its May 23, 2016 meeting, the Economic Development Power Allocation Board ("EDPAB") approved the three RNY power-related allocation transfers.

DISCUSSION

1) SPG Transfer and Allocation Term Adjustment

SPG operates two facilities, one at 8800 Sixty Road in Baldwinsville, NY and another at 2900 McLane Drive in Baldwinsville.

SPG purchased a 375 kilowatt ("kW") RNY Hydropower allocation from the Authority for use at its 8800 Sixty Road facility and a 300 kW RNY Hydropower allocation for use at its 2900 McLane Drive facility. SPG is consolidating operations at its 2900 McLane Drive facility in order to improve production and business efficiencies, and has requested the 375 kW RNY Hydropower allocation be transferred to the 2900 McLane Drive facility. SPG has indicated that it will agree to meet its job and capital investment commitments associated with the 375 kW

RNY Hydropower allocation through employment and investment at the 2900 McLane Drive facility.

If the transfer is approved, SPG and the Authority would enter into a new contract for the 2900 McLane Drive facility. The new contract would incorporate both the 300 kW and the 375 kW RNY Hydropower allocations and the respective job and capital investment commitments applicable to these allocations, in addition to the standard terms and conditions for RNY Power contracts.

In addition to approval of the transfer itself, the parties also seek to extend the term of the 375 kW RNY Hydropower allocation. The term of that allocation is seven years from July 1, 2012 (the date electric service was commenced at the 8800 Sixty Road facility), whereas the term of the 300 kW RNY Hydropower allocation is seven years from January 1, 2013 (the date electric service was commenced at the 2900 McLane Drive facility). Having allocations with different terms at the same facility can complicate compliance and administration processes. Therefore, the parties are also requesting modification to the term of the 375 kW RNY Hydropower allocation to make it coterminous with the term of the 300 kW RNY Hydropower allocation so that both allocations run for a term of seven years beginning from January 1, 2013.

## 2) Yeshiva University

Yeshiva University (“Yeshiva”) and the Authority are parties to a power sale agreement pursuant to which Yeshiva purchased 1,430 kW of RNY Power (the “1,430 kW RNY Allocation”) from the Authority for use at facilities previously known as Albert Einstein College of Medicine (“AECOM”), located at 1300 Morris Park Avenue, Bronx, New York (the “College Facility”).

Yeshiva and AECOM have indicated that as provided for in two contracts entitled “Joint Collaboration Agreement” and “Transition and Master Services Agreement” executed on or about September 9, 2015, AECOM has assumed operational responsibility for the College Facility. Yeshiva and AECOM have requested that the 1,430 kW RNY Allocation be transferred to AECOM, and that the Authority consent to an assignment of the power sale agreement by Yeshiva to AECOM.

Yeshiva and AECOM have advised the Authority that operations at the College Facility would be adversely impacted by the loss of the 1,430 kW RNY Allocation. As consideration for a transfer of the 1,430 kW RNY Allocation, AECOM would agree to assume Yeshiva’s obligations under the power sale contract and honor Yeshiva’s supplemental obligations regarding job and capital investment commitments.

## 3) Val Tech Holdings, Inc.

Val Tech Holdings, Inc. (“Val Tech”) is a custom injection molder of thermoplastic materials with facilities located at 1667 Emerson Street, Rochester, NY (the “Rochester Facility”). Val Tech is a party to a power sale agreement with the Authority pursuant to which it purchased 308 kW of RNY Hydropower to support its operations at the Rochester Facility.

In connection with an Asset Purchase Agreement between Val Tech, ENNOVEA, LLC (“ENNOVEA”) and other parties, Val Tech has agreed to sell the Rochester Facility to ENNOVEA which ENNOVEA will operate. ENNOVEA and Val Tech have advised NYPA that the operations at the Rochester Facility would be adversely impacted by the loss of the RNY Hydropower allocation, and therefore, the parties have requested a transfer of the allocation to ENNOVEA. ENNOVEA has represented that it is prepared to assume Val Tech’s obligations under Val Tech’s RNY Power contract.

4) BlackRock, Inc.

BlackRock, Inc. (“BlackRock”), an investment management firm headquartered in New York City, was awarded a 2,000 kW allocation of EP at the Trustees’ July 31, 2012 meeting. BlackRock committed to build a new datacenter facility in or around Amherst in Western New York, create 25 new permanent jobs, and spend \$37.5 million in connection with the project.

Subsequent to the hydropower award, BlackRock created a subsidiary called BlackRock Niagara LLC (“BN LLC”), to facilitate the development of the datacenter project and to ultimately own and operate the facility. The datacenter is nearing completion and BlackRock has requested that the Authority transfer the 2,000 kW EP allocation to BN LLC. BN LLC would be NYPA’s co-party to the power sale agreement, and hence would be responsible for all supplemental commitments, including the employment and capital investment commitments.

RECOMMENDATION

Staff recommends that the Trustees approve the transfer requests of (i) 375 kW of Recharge New York (“RNY”) hydropower from the Specialized Packaging Group (“SPG”); (ii) 1430 kW of RNY hydropower from Yeshiva University to Albert Einstein College of Medicine; 308 kW of RNY hydropower from Val Tech Holdings, Inc. to ENNOVEA, LLC; and 2,000 kW of Expansion Power from BlackRock, Inc. to BlackRock Niagara LLC, as discussed above.

Staff further recommends that the Trustees approve the adjustment to the term of SPG’s allocation, subject to the following conditions: (1) there be no material reduction in the base employment levels and capital investment commitments associated with the transferred allocations; and (2) the transfers are addressed in contract documents containing such terms and conditions determined by the Authority to be appropriate to effectuate each transfer.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones  
President and Chief Executive Officer

## RESOLUTION

RESOLVED, That (i) transfer of the 375 kilowatt (“kW”) allocation of Recharge New York (“RNY”) Hydropower from The Specialized Packaging Group, Inc.’s facility at 8800 Sixty Road, Baldwinsville, New York to its facility at 2900 McLane Drive, Baldwinsville, New York as described in the foregoing report of the President and Chief Executive Officer be, and hereby is, approved, and (ii) the term of such 375 kW RNY Hydropower allocation is modified and extended to run for a term of seven years beginning from January 1, 2013, all subject to such conditions as set forth in the foregoing memorandum of the President and Chief Executive Officer, and be it further

RESOLVED, That the transfer of the 1,430 kW RNY Power allocation from Yeshiva University to Albert Einstein College of Medicine, Inc. as described in the foregoing memorandum of the President and Chief Executive Officer be, and hereby is, approved subject to such conditions as set forth in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the transfer of the 308 kW RNY Hydropower allocation from Val Tech Holdings Inc. to ENNOVEA, LLC as described in the foregoing memorandum of the President and Chief Executive Officer be, and hereby is, approved subject to such conditions as set forth in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the transfer of the 2,000 kW Expansion Power allocation from BlackRock, Inc. to BlackRock Niagara LLC as described in the foregoing memorandum of the President and Chief Executive Officer be, and hereby is, approved subject to such conditions as set forth in the foregoing 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.