



Date: JULY 26, 2016

To: TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: **Award of Fund Benefits from the Western New York Economic Development Fund Recommended by the Western New York Power Proceeds Allocation Board**

SUMMARY

The Trustees are requested to accept the recommendations of the Western New York Power Proceeds Allocation Board (the "Allocation Board" or "WNYPPAB") and make awards of Fund Benefits from the Western New York Economic Development Fund to the eligible applicants listed in Exhibit "A" in the amounts indicated on Exhibit "A" as discussed in more detail below and in Exhibits "C-1" and "C-2", and authorize the other actions described herein with respect to such applicants and recommended awards.

BACKGROUND

1. **Western New York Power Proceeds Allocation Act**

On March 30, 2012, Governor Cuomo signed into law the Western New York Power Proceeds Allocation Act (the "Act"). The Act provides for the creation, by the Authority, of the Western New York Economic Development Fund. The Fund consists of the aggregate excess of revenues received by the Authority from the sale of Expansion Power ("EP") and Replacement Power ("RP") produced at the Niagara Power Project that was sold in the wholesale energy market over what revenues would have been received had such energy been sold on a firm basis to an eligible EP or RP customer under the applicable tariff or contract.

Under the Act, an "eligible applicant" is a private business, including a not-for-profit corporation. "Eligible projects" is defined to mean "economic development projects by eligible applicants that are physically located within the State of New York within a thirty-mile radius of the Niagara power project located in Lewiston, New York that will support the growth of business in the state and thereby lead to the creation or maintenance of jobs and tax revenues for the state and local governments." Eligible projects include, for example, capital investments in buildings, equipment, and associated infrastructure owned by an eligible applicant for fund benefits; transportation projects under state or federally approved plans; the acquisition of land needed for infrastructure; research and development where the results of such research and development will directly benefit New York state; support for tourism and marketing and advertising efforts for western New York state tourism and business; and energy-related projects.

Eligible projects do not include public interest advertising or advocacy; lobbying; the support or opposition of any candidate for public office; the support or opposition to any public issue; legal fees related to litigation of any kind; expenses related to administrative proceedings before state or local agencies; or retail businesses as defined by the board, including without

limitation, sports venues, gaming and gambling or entertainment-related establishments, residential properties, or places of overnight accommodation.

Fund Benefits have been provided to successful eligible applicants in the form of grants. Generally, Fund Benefits are disbursed as reimbursement for expenses incurred by an Eligible Applicant for an Eligible Project. Occasionally, Fund Benefits are disbursed in advance for proposed eligible expenditures to be incurred by the Eligible Applicant for an Eligible Project when NYPA determines this approach is appropriate for a project, NYPA has authorized the approach in advance, and proposed expenses can be appropriately documented.

At least 15 percent of Fund Benefits must be dedicated to eligible projects which are “energy-related projects, programs and services,” which is “energy efficiency projects and services, clean energy technology projects and services, and high performance and sustainable building programs and services, and the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services.”

Allocations of Fund Benefits may only be made on the basis of moneys that have been deposited in the Fund. No award may encumber future funds that have been received but not deposited in the Fund.

2. Western New York Power Proceeds Allocation Board

Under the Act, the Allocation Board is charged with soliciting applications for Fund Benefits, reviewing applications, making eligibility determinations, and evaluating the merits of applications for Fund Benefits. The Allocation Board uses the criteria applicable to EP, RP and PP, and for revitalization of industry as provided in Public Authorities Law §1005. Additionally, the Allocation Board is authorized to consider the extent to which an award of Fund Benefits is consistent with the strategies and priorities of the Regional Economic Development Council having responsibility for the region in which an eligible project is proposed. A copy of these criteria (collectively, “Program Criteria”), adapted from the Allocation Board’s “Procedures for the Review of Applications for Fund Benefits,” is attached as Exhibit “B.”

The Allocation Board met on March 4, 2013 and, in accordance with the Act, adopted by-laws, operating procedures, guidelines related to the application, and a form of application. At that time, the Allocation Board defined “retail business” to mean a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services.

The Allocation Board also designated the Western New York Regional Director of Empire State Development Corporation (“ESD”) to be its designee (“Designee”) to act on its behalf on all administrative matters. Among other things, the Designee was authorized to preform analyses of the applications for Fund Benefits and make recommendations to the Allocation Board on the applications.

Under the Act, a recommendation for Fund Benefits by the Allocation Board is a prerequisite to an award of Fund Benefits by the Authority, and the Act authorizes the Authority to award Fund Benefits to an applicant upon a recommendation of the Allocation Board. Upon a showing of good cause, the Authority has discretion as to whether to adopt the Allocation Board’s recommendation, or to award benefits in a different amount or on different terms and conditions than proposed by the Allocation Board. In addition, the Authority is authorized to include within the contract covering an award (“Award Contract”) such other terms and conditions the Authority deems appropriate.

3. Application Process

In an effort to provide for the efficient review of applications and disbursement of Fund Benefits, the Allocation Board established a schedule of dates through the end of 2016 on which the Allocation Board would meet to consider applications. At this time, applications are being accepted on a rolling basis. In addition, the application process was promoted through a media release and with assistance from state and local entities, including the Western New York and Finger Lakes Regional Economic Development Councils, the Empire State Development Corporation and other local and regional economic development organizations within the State. A webpage was created that is hosted on WWW.NYPA.GOV/WNYPPAB with application instructions, a link to the approved application form and other program details including a contact phone number and email address staffed by the Western New York Empire State Development regional office.

DISCUSSION

At its June 21, 2016 meeting, the Allocation Board considered applications from (1) Roger L. Urban, Inc. dba Platters Chocolates (“Platters”) seeking \$200,000 in Fund Benefits and (2) Niagara Falls National Heritage Area, Inc. (“NFNHA”) seeking \$200,000.

The Allocation Board’s staff analyzed the applications and made recommendations to the Allocation Board based on eligibility requirements and Program Criteria. Copies of the recommendation memoranda provided to the Allocation Board for Platters and NFNHA are attached as Exhibits “C-1” and “C-2,” respectively. The applications themselves have also been made available to the Trustees for review.

Based on information provided in the applications before the Trustees, the proposed projects currently before the Trustees would create or retain approximately 50 jobs in Western New York. The total to be expended on the proposed projects is expected to be approximately \$3.2 million.

The Allocation Board has recommended that these applicants receive Fund Benefit awards in the amounts indicated on Exhibit “A”. Given the nascent stage of the proposed projects, it was not possible to recommend the terms and conditions that would be applicable to the award and memorialized in an Award Contract between the Authority and successful applicants.

If these applicants do receive Fund Benefit awards, with the Trustees’ authorization it is anticipated that Authority staff in consultation with ESD will negotiate final terms and conditions with the applicants after receipt of more detailed information concerning the projects and proposed schedules. Award Contracts may include scheduled payments keyed to commitment milestones, such as employment creation and retention. In addition, staff anticipates that Award Contracts will contain provisions for periodic audits of the successful applicants for the purpose of determining contract and program compliance and, where appropriate, terms providing for the partial or complete recapture of Fund Benefits disbursements if an applicant fails to maintain agreed-upon commitments, relating to, among other things, employment levels and/or project element due dates.¹

¹ For the Board’s information, a current NYPA employee, Mr. Lou Paonessa, has served as a NYPA appointee to the Niagara Falls National Heritage Area Commission, the predecessor organization to the NFNHA. The Commission no longer functions, and Mr. Paonessa does not currently occupy any office for the applicant. In addition to other public and private entities in the region, NYPA is identified on NFNHA’s website as a “partner” of the Heritage Area, and in his capacity as a NYPA employee, Mr. Paonessa occasionally works on NFNHA-related matters. Mr. Paonessa has had no role in preparing NFNHA’s

RECOMMENDATION

The Vice President – Marketing recommends that:

- (1) the Trustees accept the recommendations of the Power Proceeds Allocation Board and make awards of Fund Benefits to the applicants in the amounts identified in Exhibit “A,” conditioned upon an agreement to be negotiated with each applicant on the final terms and conditions that would be applicable to the awards to be contained in an Award Contract approved by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel, or his designee, as to form;
- (2) the Senior Vice President – Economic Development and Energy Efficiency, or his designee, be authorized to negotiate with the applicants concerning such final terms and conditions that will be applicable to the awards, and be authorized to consult with ESD concerning the foregoing; and
- (3) the Senior Vice President – Economic Development and Energy Efficiency, or his designee, be authorized to execute on behalf of the Authority an Award Contract for each award listed on Exhibit “A” subject to the foregoing conditions.

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

Gil C. Quiniones
President and Chief Executive Officer

RESOLUTION

WHEREAS, the Western New York Power Proceeds Allocation Board (“Allocation Board”) has recommended that the Authority make awards of Fund Benefits from the Western New York Economic Development Fund (“Fund”) to the eligible applicants listed in Exhibit “A” in the amounts indicated;

NOW THEREFORE BE IT RESOLVED, That the Authority hereby accepts the recommendations of the Allocation Board and authorizes awards of Fund Benefits to the applicants listed in Exhibit “A” in the amounts indicated for the reasons set forth in the foregoing memorandum and the exhibits and other information referred to therein, conditioned upon an agreement between the Authority and each applicant on the final terms and conditions that would be applicable to the awards and set forth in written award contracts (“Award Contracts”) between the Authority and the applicants, approved by the President and Chief Executive Officer, or his designee, and approved by the Executive Vice President and General Counsel or his designee, as to form; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency, or his designee, is authorized to negotiate with the applicants concerning such final terms and conditions that will be applicable to the awards, and is authorized to consult with Empire State Development Corporation (“ESD”) concerning the foregoing; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency, or his designee, is authorized to execute on behalf of the Authority an Award Contract for each of the awards listed on Exhibit “A” subject to the foregoing conditions; 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.

Applicants Recommended for an Award of Fund Benefits by the Western NY Proceeds Allocation Board

Line	Business	City	County	Economic Development Region	Project Description	Project Type	Recommended Award Amount	Total Project Cost	Jobs Retained	Jobs Created
1	Roger L. Urban, Inc. dba Platters Chocolates	N. Tonawanda	Niagara	Western NY	Business Expansion	Business Investment	\$200,000	\$1,325,000	15	35
2	Niagara Falls National Heritage Area, Inc.	Niagara Falls	Niagara	Western NY	Bus/Trolley Service	Tourism/Marketing	\$200,000	\$1,860,368	-	-
Total:							\$400,000	\$3,185,368	15	35
									Total Jobs Created & Retained: 50	

**Western NY Power Proceeds Allocation Board
Exhibit “B”**

Criteria adapted from the Western NY Power Proceeds Allocation Board’s
“Procedures for the Review of Applications for Fund Benefits”

1. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the Regional Economic Development Council (“REDC”) having responsibility for the region in which an Eligible Project is located.¹ The Western New York Regional Economic Development Council which is responsible for Eligible Projects in Erie and Niagara Counties Strategies & Priorities are:

- Promote “Smart Growth” by investing in areas that infrastructure already exists and achieves certain goals, such as: preserving historic buildings; reviving downtowns; reviving main streets; investing in existing neighborhoods; and investing in former industrial sites. A project consistent with Smart Growth will also focus on: enhancing walkability; enhancing multiple modes of transportation; connecting disadvantaged communities to employment clusters; spurring mixed-use private investment in existing communities and preserving/enhancing natural lands and or resources.
- Promote workforce development by increasing diversity in the labor force, developing and cultivating that includes workers with advancement potential, underemployed, unemployed and special population; align education and skills training to job market for current and future industry needs.
- Foster entrepreneurship and new business formation and growth. Designing a plan that brings new technologies and/or products to the marketplace, increases new start ups in strategic industries and facilitates the commercialization of products that can lead to job growth in the Region.
- Increase the industry profile of agriculture in WNY by: creating better access to markets; creating new products; creating new more efficient processes; creating strong regional brands; creating programs that promote careers in agriculture.
- Utilize Western New York’s proximity to Canadian and U.S. population centers to advance economic development in WNY. Bi-national projects will: utilize cross-border planning to create transportation and logistical infrastructure; improve

¹ As provided for in EDL § 189-c(4), criteria 2-15 are adapted from the criteria for eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law § 1005. The specific criteria identified in PAL § 1005(13)(b)(4)-(5) are relevant to power allocations under these programs but do not have any logical application to allocations of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits. Additionally, in accordance with PAL § 1005(13), criteria 13-15 listed herein will only be used in the case of Eligible Projects which are proposed by Applicants as, and determined by the Board to be, “revitalization” projects.

operational relationships; promote the attractiveness of WNY as a hub for global trade.

- Position the WNY region as a global energy hub through new sources of clean energy, energy efficiency and energy efficient transportation.
- Support growth of advanced manufacturing by making research more available to manufacturers to help them innovate.
- Spur growth in the health and life sciences industry through improved commercialization, recruit high profile research talent and reducing the cost burden of healthcare while improving health outcomes.
- Expand the scope of higher education by increasing accessibility to Higher Education for communities that currently have limited access to educational opportunities; better aligning education with the industry needs and creating support structures for start-ups which will assist start-ups with commercialization, business planning, workforce preparation, facilities, etc.
- Grow visitors and visitor spending by raising the profile of WNY as a national and international destination; connect multiple tourist destinations in WNY; improve the profile of the WNY Gateway to the United States.

For more information on the Western New York Regional Economic Development Council please go to <http://regionalcouncils.ny.gov/content/western-new-york>.

2. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the Regional Economic Development Council (“REDC”) having responsibility for the region in which an Eligible Project is located.² The Finger Lakes Regional Economic Development Council which is responsible for Eligible Projects in Orleans and Genesee Counties Strategies & Priorities can be found at: <http://regionalcouncils.ny.gov/content/finger-lakes>.
3. The number of jobs that would be created as a result of an award of Fund Benefits.
4. The applicant’s long term commitment to the region as evidenced the current and/or planned capital investment in applicant’s facilities in the region.
5. The ratio of the number of jobs to be created to the amount of Fund Benefits requested.
6. The types of jobs that would be created, as measured by wage and benefit levels, security and stability of employment.
7. The amount of capital investment, including the type and cost of buildings, equipment and facilities, proposed to be constructed, enlarged or installed.
8. The extent to which an award of Fund Benefits would affect the overall productivity or competitiveness of the applicant and its existing employment.

² As provided for in EDL § 189-c(4), criteria 2-15 are adapted from the criteria for eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law § 1005. The specific criteria identified in PAL § 1005(13)(b)(4)-(5) are relevant to power allocations under these programs but do not have any logical application to allocations of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits. Additionally, in accordance with PAL § 1005(13), criteria 13-15 listed herein will only be used in the case of Eligible Projects which are proposed by Applicants as, and determined by the Board to be, “revitalization” projects.

9. The extent to which an award of Fund Benefits may result in a competitive disadvantage for other business in the State.
 10. The growth potential of the applicant's facilities and the contribution of economic strength to the area in which the applicant's facilities are or would be located.
 11. The extent of the applicant's willingness to satisfy affirmative action goals.
 12. The extent to which an award of Fund Benefits is consistent with state, regional and local economic development strategies and priorities and supported by local units of government in the area in which the business is located.
 13. The impact of an award of Fund Benefits on the operation of any other facilities of the applicant, and on other businesses within the region.
 14. That the business is likely to close, partially close or relocate resulting in the loss of a substantial number of jobs.
 15. That the applicant is an important employer in the community and efforts to revitalize the business are in long-term interests of both employers and the community.
 16. That a reasonable prospect exists that the proposed award of Fund Benefits will enable the applicant to remain competitive and become profitable and preserve jobs for a substantial period of time.
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Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT C-1

Applicant Name:	Roger L. Urban, Inc. dba Platters Chocolates (“Platters”)	REDC Region:	Western New York
Project Type:	Business Investment	County:	Niagara
Industry:	Candy Manufacturing	Locality:	Niagara Falls
Amount Requested:	\$200,000	Start Date:	April 2016
		Finish Date:	October 2016
RECOMMENDED OFFER			
Recommended Total Award:	\$200,000		
Total Project Cost:	\$1,325,000		
% of Project Cost Recommended:	15%		
PROJECT BUDGET (Proposed by Applicant)			
Use of funds	Amount	Source of Funds	Amount
Planning/feasibility Study	\$150,000	WNY EDF	\$200,000
Construction/Renovation	\$550,000	M & T Bank	\$650,000
Machinery + Equipment	\$450,000	Niagara EDF	\$250,000
Furniture & Fixtures	\$175,000	Cash Equity	\$135,000
		NYS Office of Community Renewal	\$90,000
Total:	\$1,325,000	Total:	\$1,325,000
REGIONAL IMPACT MEASUREMENTS			
Job Commitments:	Applicant will retain 15 full time equivalents (“FTE”) and create 35 FTE positions over four years.		
Average Salary of Jobs:	\$27,000		
Indirect Jobs Created			
Other Impact			



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT C-1

PROJECT DESCRIPTION (Adapted from Application)			
<p>The applicant operates a chocolate manufacturing business known as Platters Chocolates. The company has outgrown its current 17,000 sq. ft. location and plans to relocate into a 23,000 sq. ft. facility in the historic Wurlitzer building where it will incorporate into its business a unique tourism destination to attract a portion of the annual Niagara Falls visitors. Guests will be offered a plant tour featuring Platters staff making sponge candy and other confections using traditional methods. The Wurlitzer building is the site where Wurlitzer Organs and Jukeboxes were once produced, which will add to the attractiveness of the project as a tourist destination.</p> <p>A key aspect of the expansion will be to incorporate climate control equipment to expand the candy-making season. At present, the applicant cannot make good chocolate in humid weather, except for fudge, which compels it to shut down chocolate lines in the summer. The project will allow the company to expand chocolate production while accommodating tours thereby requiring the addition of 35 new jobs over the next four years.</p>			
OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD:	\$175,000 Excelsior	NYS Office of Community Renewal:	\$90,000
Niagara EDF Loan:	\$250,000	Other: NCIDA	\$36.4K sales tax exemption
PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED			
TYPE	AMOUNT	STATUS	
N/A	\$		



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT C-1

BASIS FOR RECOMMENDATION

Since, 2013 Platters has grown revenue to over \$1 million dollars. Platters has reached capacity at its current location (954 Oliver Street in North Tonawanda). In order to maintain the company's current growth and accommodate future growth, Platters plans to add a second production line to manufacture chocolate. Currently, the company has one production line used to manufacture the company's fine chocolate or run sponge candy. The ability to run sponge candy all the time requires the addition of a second line, cooling tables and melters. Platters must also purchase a detailer machine that will identify chocolates and sponge candy that contains peanut butter or nuts to expand to private label and wholesale markets. The new location at the Wurlitzer Building allows Platters to grow from roughly 17,000 square foot to 23,000 square foot and to expand production, create efficiencies and accommodate requests for tours. Platters is also differentiating its products by branding a "Gotta (heart) Buffalo" line of chocolates and working to make WNY the Sponge Candy Capital of the World, which will be facilitated by expanded production capacity.

An award of fund benefits will allow Platters to locate to a new a factory that will accommodate tours, increase wholesale production, allow for expanded brand name recognition and add jobs.

Given Platters' recent acquisition of Ko-ed Candies in 2014 and current debt, an award of fund benefits to support the purchase of machinery and equipment appears necessary in order for project completion to be fulfilled.

ANTICIPATED DISBURSEMENT TERMS

Fund Benefits would be used to reimburse the applicant for a portion of costs associated with new machinery and equipment. It is anticipated that funds will be disbursed in arrears in a manner proportionate to the total for eligible expenses. Payment will be made upon presentation to NYPA of invoices and such other documentation acceptable to NYPA verifying the applicant has incurred eligible expenses of approximately \$1.3 million and is compliant with yearly job commitments.



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT C-2

Applicant Name:	Niagara Falls National Heritage Area, Inc. ("NFNHA")	REDC Region:	Western New York
Project Type:	Tourism/Marketing	County:	Niagara
Industry:	Tourism	Locality:	Niagara Falls
Amount Requested:	\$200,000	Start Date:	May 2016
		Finish Date:	October 2017
RECOMMENDED OFFER			
Recommended Total Award:	\$200,000		
Total Project Cost:	\$1,860,368		
% of Project Cost Recommended:	11%		
PROJECT BUDGET (Proposed by Applicant)			
Use of funds	Amount	Source of Funds	Amount
Trolley Lease Costs	\$1,186,668	WNY EDF	\$200,000
Bike Racks	\$10,000	Committed:	
Program Administration	\$216,000	NYPA	\$500,000
Long Term Business Planning	\$10,000	Niagara Tourism & Convention Corp.	\$100,000
Two Year Marketing Costs	\$437,700	NYS Parks	\$400,000
		USA Niagara	\$120,000
		Niagara University	\$30,000
		Cash Equity	\$100,00
		Potential:	
		Day Pass Revenues	\$120,000
		Assembly Member Item	\$100,000
		City of Niagara Falls	\$50,000
		Town of Niagara	\$50,000
		Town of Lewiston	\$50,000
		Niagara County	\$30,000
		Youngstown	\$30,000
		Less: Allowance for Funding Rejections	(\$19,632)
Total:	\$1,860,368	Total:	\$1,860,368
REGIONAL IMPACT MEASUREMENTS			
Job Commitments:	The Funding Track under which the application was submitted does not require job-related impact.		
Average Salary of Jobs:	N/A		



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT C-2

Indirect Jobs Created			
Other Impact			
PROJECT DESCRIPTION (Adapted from Application)			
<p>NFNHA proposes to operate a trolley/bus service as a two year pilot project to provide “hop-on, hop-off” transportation to historic/heritage/tourism destinations located between the Niagara Falls State Park and Youngstown, NY in order to extend visitor stays, increase economic impact for businesses and communities by encouraging tourism spending, provide additional amenities to encourage return visitation, collect visitor data to advance tourism initiatives in WNY and cultivate a culture of strategic planning within the tourism industry and research the development of more routes.</p>			
OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED (See Above)			
ESD:	N/A		
IDA: PILOT, Sales Tax & Mortgage Recording:	N/A		
PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED			
TYPE	AMOUNT	STATUS	
ESD	\$	Closed	



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT C-2

BASIS FOR RECOMMENDATION

The objective of the NFNHA is to enhance public appreciation for the significant historic and natural resources and landscapes offered by the Niagara region. It looks to make interpretive, environmental, economic and social improvements that benefit residents and visitors alike. In pursuing its mission, the NFNHA encourages historic preservation, recreational access and environmental recovery.

According to the U.S. Office of Travel and Tourism, heritage/cultural based sightseeing is among the fastest growing segments of the tourism industry. Approximately 8 million people visit the Niagara Falls State Park annually. However, research has shown that many rarely venture beyond the Park's perimeter and it is believed this is primarily due to transportation constraints. Current transit service in the Niagara Gorge corridor is limited and provides only continuous travel options accompanied by narration. There presently is no opportunity for passengers to disembark to further explore locations of interest secure in the knowledge that shuttles will reliably arrive at twenty-minute intervals to provide return transportation.

Over the last decade, various studies have reinforced the importance of creating reliable and efficient tourist-oriented shuttle service to enable visitors to enjoy the full range of natural resources available along the entire Niagara Gorge corridor. These studies include the:

- Niagara Falls Multi-Modal Transportation Program (2005);
- Niagara County Transit Restructuring Study (2006);
- Concept study for an "Explore Niagara" trolley produced by Niagara University with funding from Assemblyman John Ceretto (2009), and;
- Management Plan for the NFNHA (2012).

The project would also contribute to cutting carbon emissions by reducing motor vehicle traffic and providing bike racks to allow cyclists to explore stop-over areas within the tour route.

ANTICIPATED DISBURSEMENT TERMS

Fund Benefits could be used to reimburse the applicant for a portion of the costs associated with the annual lease costs for the trolley. A portion of the funds could be dispersed in advance, with the balance distributed in arrears as evidenced by such documentation NYPA may require verifying project start and completion and applicant expenditures.



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT C-2

Western New York Economic Development Fund Update¹

The Fund		
<i>this</i>	Total Deposits to the Fund to Date:	\$41,031,000
<i>plus</i>	Total Interest Earned on Deposits to Date:	\$111,804
=	Total Funds Deposited:	\$41,142,804
Expenditures		
<i>this</i>	Total Funds Deposited:	\$41,142,804
	Total Administrative Expenses Withdrawn:	\$0
	Disbursements to Grantees:	(\$18,132,424)
<i>plus</i>	Total Expenditures:	(\$18,132,424)
=	Current Fund Balance:	\$23,010,380
Awards		
<i>this</i>	Total Funds Deposited:	\$41,142,804
	Standard Projects:	\$29,064,998
	Energy Related Projects ² :	\$3,128,320
<i>minus</i>	Total Fund Benefits Approved by the Trustees³:	\$32,193,318
=	Total Fund Benefits Available to be Awarded by the Trustees⁴:	\$8,949,486
Energy-Related Projects		
<i>this</i>	Minimum Amount (15%) of the Fund Dedicated to Energy-Related Projects:	\$6,154,650
<i>minus</i>	Total Awards (8%) Made for Energy-Related Projects to Date (not including today):	\$3,128,320
=	Fund Benefits Currently Available to be Awarded for Energy-Related Projects Only:	\$3,026,330
Today's Recommendations		
<i>this</i>	Standard Projects:	\$400,000
<i>plus</i>	Energy-Related Projects or Project Components:	\$0
=	2 Total Recommendations Before the Board Today:	\$400,000
Expansion Power ("EP") and Replacement Power ("RP") Summary		
<i>this</i>	Estimated Unallocated EP and RP to Date (MW):	79
<i>plus</i>	Estimated Allocated but Unused Hydropower to Date (MW) ⁵ :	39
=	Total Estimated Unutilized EP and RP to Date (MW)⁶:	118

¹ The "Fund", known as the "Western New York Economic Development Fund", is created and administered by the New York Power Authority ("NYPA"). It is funded with the aggregate excess of revenues ("Net Earnings") received by NYPA from the sale of Expansion Power ("EP") and Replacement Power ("RP") produced at NYPA's Niagara Power Project that is sold in the wholesale energy market over what revenues would have been received had such Power been sold on a firm basis to an eligible EP or RP customer.

² As defined by the Western New York Power Proceeds Allocation Act, a minimum of 15% of Fund Benefits shall be dedicated to "energy-related projects, programs and services". In accordance with EDL § 189-a(6), "energy-related projects, programs and services" means: (1) energy efficiency projects and services; (2) clean energy technology projects and services; (3) high performance and sustainable building programs and services; and (4) the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services.

³ Funds awarded to applicants to the Fund who are recommended for an award by the WNYPPAB and approved by the NYPA Trustees are known as "Fund Benefits." Disbursement of Fund Benefits is subject to satisfaction of certain terms and conditions.

⁴ Total Fund Benefits Available to Be Awarded is calculated as Total Funds minus the sum of Total Fund Benefits Awarded and Total Administrative Expenses Withdrawn.

⁵ The NYPA Trustees may allocate EP or RP to eligible companies. Such customers may use the entire allocation, or such customers may "take down" only a portion of the allocation based on their needs at the time. EP and RP that is unallocated, or that is allocated but not taken down, is eligible to be used for WNYEDF "Net Earnings".

⁶ Unutilized EP and RP consists of an estimate of both unallocated hydropower and allocated hydropower that has not been taken down by customers.

WNYEDF Awards by County ⁷

Trustee Date (All)

County	Company	Trustees Approvals (\$)
Erie	425 Michigan Ave, LLC	\$500,000
	Coolture	\$300,000
	Eden Valley Growers	\$80,000
	Field & Fork Network	\$166,912
	Ford Motor Company	\$1,000,000
	Forest Lawn Heritage Foundation	\$150,000
	Innomotive Solutions Group LLC	\$150,000
	Launch NY	\$5,418,000
	Living Green Insulation Products and Services, LLC	\$165,570
	Michigan Street African American Heritage Corridor Commission, Inc.	\$250,000
	Nexus Natural Gas LLC	\$570,000
	OSC Manufacturing & Equipment Services, Inc.	\$750,000
	PLS III LLC dba We Care Transportation Services	\$1,000,000
	Visit Buffalo Niagara	\$250,000
	43North LLC	\$12,000,000
	Explore and More...A Childrens Museum	\$1,700,000
	Buffalo Niagara Enterprise	\$65,836
	Amos Zittel & Sons	\$380,000
	D'Youville College	\$400,000
	Martin House Restoration Corporation	\$700,000
	General Mills	\$500,000
Buffalo Arts and Technology Center	\$380,000	
Erie Total		\$26,876,318
Genesee	Yancy's Fancy, Inc.	\$500,000
Genesee Total		\$500,000
Niagara	Aquarium of Niagara	\$1,750,000
	Diversified Manufacturing, Inc.	\$450,000
	Global Outreach Mission, Inc.	\$154,500
	Niagara University	\$250,000
	Washington Mills	\$140,000
	NFIA Stakeholders Group, Inc.	\$24,750
	The WNY Women's Foundation, Inc.	\$100,000
	Cambria Asphalt Products	\$72,750
	Borderworx Logistics, LLC	\$285,000
	Tulip Manufacturing	\$1,000,000
	Niagara University (II)	\$500,000
	NFIA Stakeholders Group, Inc. (II)	\$90,000
Niagara Total		\$4,817,000
Grand Total		\$32,193,318

⁷ The companies in this list are the applicants to the Fund whose proposed projects were (i) recommended for an award of Fund Benefits by the WNYPPAB and (ii) awarded Fund Benefits by the NYPA Trustees. This list does not include applicants whose proposed projects received a recommendation for an award of Fund Benefits by the WNYPPAB but have not been considered yet by the NYPA Trustees for various reasons.