



Date: September 27, 2016

To: THE TRUSTEES

From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER

Subject: Municipal and Rural Electric Cooperative Industrial Economic Development Program – Allocation to the Village of Westfield

SUMMARY

The Trustees are requested to approve a 150 kW allocation of hydropower under the Municipal and Rural Electric Cooperative Industrial Economic Development Program (“IEDP”) to the Village of Westfield.

BACKGROUND

The 1991 amendment to the power sales agreement between the Authority and each of the Municipal and Rural Electric Cooperative Systems set aside a block of 54 MW from the 752 MW of hydropower allocated to the systems for economic development in the systems’ service territories. The total allocation was increased to 764.8 MW as a result of additional power resulting from the Niagara Project upgrade.

Power from this block can be allocated to individual systems to meet the increased electric load resulting from eligible new or expanding businesses in their service area. Recommended allocations under the IEDP are made using guidelines that were approved by the Trustees at their meeting on September 23, 2008.

As of August 2016, more than 20 MW have been allocated. The Village of Westfield has submitted an application for power under the Program for consideration by the Trustees.

DISCUSSION

An application has been submitted by the Village of Westfield to the Authority on behalf of The Original Crunch Roll. The Original Crunch Roll is a food manufacturing company that was founded in 2016. The company manufactures a product called the “Crunch Roll,” a snack item. Its current sales markets are food service establishments, sports arenas, and recreation venues throughout upstate New York.

The company intends to build a new production facility that will allow it to meet the current demand and produce an adequate amount of inventory to meet future demand. There are no existing facilities.

The total amount being invested in this project exceeds \$3,000,000. Upon startup of the new facility, all production and shipping will be done at the new Westfield location. The Original Crunch Roll has also considered locations in Canada, other locations in New York, as well as Ohio, Oklahoma, and Georgia. The building to be acquired is 15,630 square-foot and is an existing building that will be upgraded for manufacturing and office space for the company. The

capital investment includes the acquisition of the building, renovations, equipment and startup costs. The bulk of the \$3,000,000 investment stems from the purchase and installation of equipment.

The estimated monthly peak demand at the new facility is 200 kW with estimated monthly energy use of 45,000 kWh. The schedule for new jobs creation is 24 jobs in 2016, increasing to a total of 48 jobs by the end of 2017. All jobs are considered to be full-time (more than 30 hours per week). The company anticipates adding a second shift within six months of opening the facility.

The Chautauqua County Industrial Development Agency has approved a PILOT plan and, additionally, has approved loans in the amount of \$500,000 for equipment, building improvements, and working capital.

NYPA IEDP guidelines classify The Original Crunch Roll's proposal as an eligible new business because the company qualifies as a manufacturer that is opening a new facility in the Village of Westfield's service territory. Under the program, the first 100 kW allocated will be 100% hydropower; any additional kW will be 50% hydropower and 50% incremental power, making this IEDP allocation award 150 kW.

It is recommended that the Trustees approve an allocation of 150 kW of Municipal and Rural Electric Cooperative Industrial Economic Development Program power to the Village of Westfield on behalf of The Original Crunch Roll. For businesses with 1-100 jobs before construction, the IEDP Guidelines require that a minimum of 25 jobs per MW of allocated hydropower be attained. This allocation exceeds the aforementioned guidelines.

RECOMMENDATION

The Vice President - Marketing recommends that the Trustees approve the allocation of 150 kW of hydropower under the Municipal and Rural Electric Cooperative Industrial Economic Development Program to the Village of Westfield in accordance with the above memorandum.

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 the Trustees hereby approve the allocation of 150 kW of hydropower to the Village of Westfield under the Municipal and Rural Electric Cooperative Industrial Economic Development Program as set forth in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Senior Vice President of Economic Development and Energy Efficiency or his designee be, and hereby is, authorized to execute any and all documents necessary or desirable to effectuate this allocation, subject to the approval of the form thereof by the Executive Vice President and General Counsel; 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.