WESTERN NEW YORK POWER PROCEEDS ALLOCATION BOARD

MINUTES

May 13, 2013 – 3:00P.M.
Power Vista Visitor's Center -
Niagara Power Project
Lewiston, New York

Table of Contents

	Subject	Page No.	Exhibit
	Opening Remarks	2	
1.	Adoption of the Proposed Meeting Agenda	2	
2.	Adoption of March 4, 2013 Meeting Minutes	2	
3.	Fund Balance Update	2	
4.	Recommended Funding Application Changes	2	
5.	Recommended Pre-Screening Application	5	5-A
6.	Award of Fund Benefits from the Western New York Economic Development Fund Resolution	5	6-A – 6-F
7.	Next Meeting and Adjournment	12	

May 13, 2013

Minutes of the Meeting of the Western New York Power Proceeds Allocation Board held via video conference in Niagara, New York.

Board Members Present:
Anthony J. Colucci III (Chairman)
Deanna Alterio Brennen
Dennis W. Elsenbeck
Brenda Williams McDuffie
Henry F. Wojtaszek

NYPA Staff Present:

Karen Delince	Corporate Secretary (via video in White Plains)
Vincent Esposito	Assistant General Counsel (via video in Albany)
John Giumarra	Account Executive, Business Marketing &Economic Development
Michael Huvane	Vice President Marketing – Business & Municipal Marketing
Lou Paonessa	Director of Community Affairs
James Pasquale	Senior Vice President – Economic Development and Energy Efficiency (via video in White Plains)

ESDC Staff Present:

Richard Ball	Project Manager
Christina Orsi	ESDC's Western New York Regional Director

Opening Remarks

Chairman Colucci welcomed members of the Board, the staff of Empire State Development Corporation ("ESDC"), and the staff of the New York Power Authority ("NYPA"). He stated that this meeting of the Board had been duly noticed as required by the Open Meetings law.

1. Adoption of the Proposed Meeting Agenda

The agenda for the May 13, 2013 meeting was unanimously adopted.

2. Adoption of March 4, 2013 Meeting Minutes

Upon motion made by member Wojtaszek and seconded by member Brennen, the March 4, 2013 meeting minutes were unanimously adopted.

Conflicts of Interest

Before proceeding with the agenda, Chairman Colucci stated that some members had indicated the existence of conflicts of interest with certain of the companies being considered. These conflicts prevent them from participating in, and voting on, item #6 (Recommended Pre-Screening Application). Chairman Colucci noted for the record the following conflicts of interest: member Brennen -- Diversified Manufacturing; member Elsenbeck – Launch NY; member McDuffie -- McGuire AKA Compass East AKA 425 Michigan Avenue; and Chairman Colucci -- Market Arcade Theater, Graycliff Conservancy Inc., and McGuire.

3. Fund Balance Update

Mr. Michael Huvane submitted the following report:

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 received by NYPA from the sale of Expansion and Replacement Power produced at NYPA's Niagara Power Project that was 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 Expansion or Replacement Power customer. Fund monies paid to a successful applicant are known as "Fund Benefits."

Total Deposits to the Fund to Date:	*$23,210,204*
Fund Balance at the time of the Previous WNYPPAB Meeting on March 4th, 2013:	*$20,000,000*
Incremental Deposits to the Fund Since the Previous WNYPPAB Meeting on March 4th, 2013:	*$3,210,204*
Administrative Expenses Withdrawn to Date:	*$0*
Fund Benefits Disbursed to Date:	*$0*
Fund Balance:	***$23,210,204***

Fund Benefits Awarded to Date:	*$0*
Funds Available to be Awarded Prior to Today's Meeting:	*$23,210,204*
Awards of Fund Benefits Proposed for May 13,2013:	*$6,218,000*
Funds Available to be Awarded (should the proposed awards be approved):	***$16,992,204***

Unallocated and Unused Expansion and Replacement Power as of May 13, 2013:	*108 Megawatts*
Anticipated Date of Next Deposit to the Fund:	*July, 2013*

In response to a question from Chairman Colucci, Mr. Huvane said that the expenses incurred in administering this program to date have been minimal.

4. <u>Recommended Funding Application Changes</u>

Ms. Christina Orsi submitted the following recommended changes to the Funding Applications:

- *Cover page – add a spot for the applicant name.*
- *Page 2 – remove exhibit 6 and change numbers accordingly.*
- *Page 3 – Add the following instruction: All applicants please complete the financial disclosure forms which are contained in a separate document entitled "Financial Disclosure." Please be sure to send the "Financial Disclosure" document as a separate document from the master application and any other attachments you may be providing. This is for the protection of the confidentiality of the applicant's financial information.*
- *On the new "Financial Disclosure" document add the following instruction: All applicants must submit financial information (either 3-year historical or 5-year projections with a business plan if the applicant has less than 3 years audited historical financials).*
- *Page 3 – Add Agricultural Investment Track and the following Track Description: Increasing the Agricultural Profile of the Western New York Region. This can be achieved through projects which: increase local access to markets; create new products; increase production; reduce production costs; create and implement Regional marketing strategies; create connections between research and farming; create jobs and careers in Agriculture; and increase the value of a Regional Brand.*
- *Page 4 – Fix the "Assistance Requested" box – it does not show the entire number once saved.*
- *Page 4 – Add a Space for "Total Project Cost" above "Assistance Requested"*
- *Page 4 - Add "Agricultural Investment Track."*
- *Page 4 – Move question 31 to page 4 in between "Contact Information" and "Project Location."*
- *Page 6 – Triple the Character Limits.*
- *Page 6 – add a new section entitled: "General Project Readiness." Under this section add the following questions:*
    1. *Can the project proceed immediately following a signed incentive proposal allocating the requested award amount?*

2. *Is the funding for the remaining project cost secured?*

- *Page 7 – Double the Character Limits*
- *Page 8 – Double the Character Limits*
- *Page 9 – Double the Character Limits*
- *Page 11 – Double the Character Limits*
- *Page 13 – #36 – should ask for 51% not 50%*
- *Page 17 – Double Character Limits*
- *Page 18 – Double Character Limits*
- *Page 19 – Double Character Limits*
- *Page 20 – Double Character Limits*
- *Page 21 – Double Character Limits*
- *Page 22 – Double Character Limits*
- *Page 25 – Double Character Limits*
- *Page 26 – Double Character Limits*
- *Page 27 – Double Character Limits*
- *Page 28 – Make this an "Agricultural Track" and ask the following questions:*
    - *Please explain how this project will result in increased access to Agricultural Markets. (1000 Characters)*
    - *Please describe any new products this project will allow to come to the market. (1000 Characters)*
    - *Please describe any new efficiency process this project will create. (1000 Characters)*
    - *Please explain how this project will increase production. (1000 Characters)*
    - *Please explain how this project will reduce cost. (1000 Characters)*
    - *Please describe how this project creates a marketing strategy profiling local foods that will result in increased sales across the industry sector in the Region. (1000 Characters)*
    - *Please explain how this project will connect local growers to research that will improve: growing techniques; processing; packaging and distribution; the creation of new products; and the creation of links to new markets. (1000 Characters)*
    - *Please explain how this project will promote new careers in agriculture in WNY. (1000 Characters)*
    - *Please explain how this project will create and/or promote a Regional brand in Agricultural markets.*
- *Page 36 (Exhibit 5) Change Text to: (All applicants must provide a Business Plan and a 5-Year Financial/Economic Impact Projection (a five-year Financial/Economic impact projection should show how an investment from this fund will specifically drive the growth and profitability of the applicant's entity or the Region).*
  If the applicant is an entity with less than 3 years operating experience, please provide personal financial statements from a personal guarantor and a business plan that includes an explanation of: (1) the product being sold; (2) current and future size of the market; (3) the Applicant's current market share or potential future market illustrating how an increased market share can be achieved; (4) 5-year financial projections and (5) List Management Team Members and provide bios and résumés.
- *Page 37 (Exhibit 6) – Eliminate (redundant).*
- *Remove all confidential financial disclosures from the application and direct applicants to a separate attachment which must be submitted as a separate form.*
- *Change all numbering throughout document to make sense with new additions.*

In response to a question from member Elsenbeck, Ms. Orsi said Staff did not set specific match requirements in order to allow for some flexibility in reviewing each application.

Member Elsenbeck requested that staff consider:

- **requiring all application tracts to have some level of financial contribution and/or or match that is brought forth and owned by the applicant or that all application tracts should have some level of percentage support relative to the full cost of the project (e.g. proceeds benefit up to x% of total project cost).**
- **financial loan instruments such as bridge, no interest, low interest loans so that the benefits of proceeds may be paid back to assist the next applicant to "bridge" themselves to sustainability and extend the asset value of "cash" which, in traditional economic development, is in short supply.**

Upon motion made by member McDuffie and seconded by member Brennen, the recommended changes to the Funding Application was adopted.

5. Recommended Pre-Screening Application

Ms. Christina Orsi presented the new Pre-screening Application. She said this is designed to permit staff to work with applicants early in the process, to help guide applicants on eligibility and criteria as well as assist staff in determining whether it would be more advantageous for an applicant in seek alternative economic development funding.

In response to a question, Ms. Orsi said that once the Pre-Screening Application is adopted, it would be placed on the website and the full application that is currently available would be removed.

Upon motion made by member McDuffie and seconded by member Brennen, the Pre-Screening Application was adopted. (Exhibit "5-A")

6. Award of Fund Benefits from the Western New York Economic Development Fund

Ms. Christina Orsi submitted the following report and resolution for consideration and adoption:

SUMMARY

The Western New York Power Proceeds Allocation Board ("Allocation Board" or "Board") is requested to recommend to the Board of Trustees of the New York Power Authority ("NYPA" or "Authority") that awards of Fund Benefits be made to the three applicants found in Exhibit "6-A," Exhibit "6-B," and Exhibit "6-C" in the amounts indicated in each Exhibit.

The Board is also requested to find and determine that: (1) the applications listed in Exhibit "6-D" will not receive a recommendation for an award of Fund Benefits based upon the application of the relevant program criteria to such applications; and (2) the applications listed in Exhibit "6-E" propose projects that are not "eligible projects" for Fund Benefits for the reasons described below.

For the Board's information, Exhibit "6-F" identifies those applications for Fund Benefits that have been withdrawn or that are incomplete. No action by the Board is required on these applications.

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 ("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 NYPA's 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 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 are payable to successful Eligible Applicants for eligible projects in the form of grants. It is anticipated that Fund Benefits will be disbursed by NYPA as reimbursement for expenses incurred by the Eligible Applicant.

At least 15% percent of Fund Benefits must be dedicated to eligible projects that are "energy-related projects, programs and services," which are "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 funds that have not been 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, evaluating the merits of applications for Fund Benefits, and making recommendations to NYPA on Fund Benefit awards. The Allocation Board uses the criteria applicable to EP, RP and Preservation Power ("PP")

allocations, and for revitalization of industry, provided for in Public Authorities Law §1005. Additionally, the 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.

At its meeting on March 4, 2013, the Board, in accordance with the Act, adopted by-laws, operating procedures, guidelines related to the application, and a form of application. A copy of the relevant criteria (collectively, "Program Criteria"), adapted from this Board's "Procedures for the Review of Applications for Fund Benefits," is attached as Exhibit "6-G."

The Board also 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."

Finally, the Board designated the Western New York Regional Director, Empire State Development Corporation to act on its behalf for administrative matters and to provide staff services ("Staff"). Among other things, Staff was authorized to perform analyses of applications seeking Fund Benefits and to make recommendations to the Board on the applications.

3. Application Process

The Allocation Board established a series of application due dates coupled with a schedule of dates through the end of 2013 on which dates the Board expected to meet to consider applications. 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.

As of April 8, 2013, the first application due date, the Board received 18 applications collectively seeking over $27 million in Fund Benefits. Staff analyzed the applications and is now making recommendations to the Allocation Board on all applications, except those identified in Exhibit "6-F" which were withdrawn or determined to be incomplete. The recommendations are discussed in the next section.

DISCUSSION AND RECOMMENDATIONS TO THE BOARD

Staff has reviewed the applications received during the first solicitation round, and is making the following recommendations to the Board.

1. Recommendations for Awards of Fund Benefits

Based on a review of the applications and relevant Program Criteria, Staff recommends that the Allocation Board recommend to NYPA Trustees that the three applications listed in Exhibit "6-A," Exhibit "6-B," and Exhibit "6-C" each receive an award of Fund Benefits in the amount indicated. Collectively, these applicants have indicated that the proposed projects would create or retain 152 jobs in Western New York. The total amount to be expended on the projects proposed by these applications is expected to exceed $15 million.

2. Recommendations for No Award

Based on a review of the applications and an application of relevant Program Criteria, Staff recommends that the Allocation Board determine that no recommendation for an award of Fund Benefits will be made to the NYPA Trustees for the applications listed in Exhibit "6-D."

3. Ineligible Projects

Economic Development Law ("EDL") §189-a(5) defines "eligible projects" and further excludes certain categories of projects from such definition, including "retail businesses" as defined by the Allocation Board and "residential properties." As noted above, the Board has 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."

Based on a review of the applications and the Board's definition of "retail business," Staff recommends that the Board find and determine that each of the two applications listed in Exhibit "E" proposes a project that is not an eligible project. As described in Exhibit "6-E," the application submitted by the Market Arcade Film & Arts Center, Inc. proposes a project that constitutes a retail business. The application submitted by the Niagara Falls Memorial Medical Center proposes a project that is both a retail business and a residential property.

4. Other Applications

For the Board's information, Exhibit "6-F" lists those applications that have been withdrawn or which Staff has determined are incomplete. No action is required by the Allocation Board on these applications at this time.

PROJECT STATUS

Under the Act, a recommendation for Fund Benefits by the Allocation Board is a prerequisite to an award of Fund Benefits by NYPA. Upon a showing of good cause, NYPA has discretion to adopt the Allocation Board's recommendation, or to award Fund Benefits in a different amount or on different terms than recommended by the Board. In addition, the Authority is authorized to include in any contract providing for the implementation of an award, ("Award Contract") any terms and conditions that NYPA deems appropriate.

Given the preliminary stage of the three projects identified in Exhibit "6-A," Exhibit "6-B," and Exhibit "6-C," Staff is not in a position to recommend any specific terms and conditions to the Board that might be included in the Board's recommendation for award. It is anticipated that NYPA staff, in consultation with Staff, will negotiate final terms and conditions with successful applicants after the receipt of more detailed information concerning the projects.

RECOMMENDATION

Based on the foregoing discussion and information, Staff recommends that the Allocation Board:

(1) recommend to the NYPA Board of Trustees that each of the applicants listed in Exhibit"6-A," Exhibit "6-B," and Exhibit "6-C" receive an award of Fund Benefits in the amounts indicated;

(2) find and determine that none of the applications listed in Exhibit "6-D" will receive a recommendation for an award of Fund Benefits; and
(3) find and determine that the applications listed on Exhibit "6-E" each proposes a project that is not an eligible project.

For the reasons stated, Staff recommends the adoption of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

R E S O L U T I O N

NOW THEREFORE BE IT RESOLVED, That the Western New York Power Proceeds Allocation Board ("Allocation Board" or "Board") hereby recommends that the Power Authority of the State of New York ("NYPA") grant an award of Fund Benefits to the applicants listed in Exhibit "6-A," Exhibit "6-B," and Exhibit "6-C" in the amounts indicated therein, for the reasons set forth in the foregoing report; and be it further

RESOLVED, That the Allocation Board hereby finds and determines that the applications listed in Exhibit "6-D" are not recommended for an award of Fund Benefits for the reasons set forth in the foregoing report; and be it further

RESOLVED, That the Allocation Board hereby finds and determines that the applications listed in Exhibit "6-E" propose projects that are not eligible projects for the reasons set forth in the foregoing report, and therefore are not eligible to receive Fund Benefits; and be it further

RESOLVED, That the Western New York Regional Director of the Empire State Development Corporation is authorized on behalf of the Allocation Board to transmit the Board's decision to NYPA, and to do any and all things and take any and all actions to effectuate the Board's decision and the foregoing resolution.

Ms. Christina Orsi said that the legislation was put in place on March 20, 2012. On March 4, the Board held its first meeting and adopted the application. There were 18 applications received from applicants within the 30-mile radius of the Niagara Power Project. Before moving forward with a vote on the recommendations, Ms. Orsi noted that the Authority and ESDC anticipated developing standard provisions that will be a part of award contracts between the Authority and the awardees. Depending on the nature of the projects and awards, such provisions are expected to include items to ensure that awardees are accountable for the resources received and meet specific milestones established for the project. To that end, it is expected that the Authority and ESDC will coordinate and negotiate appropriate terms and conditions with each awardee. Some standard provisions may include:

- Right to audit all expenditures to assure money is appropriately spent;
- Provisions to ensure compliance with job retention/creation goals for a period of time to be included in the final agreement;
- Regular reporting on outcomes and achievement of agreed-upon award goals;
- Timeframes in which the project is to be fully completed;
- Disbursement terms that help ensure progress, accountability and outcomes; payments may be made? upon achieving milestones.
- Other provisions which are specific to particular projects that further ensure accountability.

a. <u>Awards of Fund Benefits</u>

Launch NY – Business Plan Competition

Ms. Orsi presented the recommendation of Launch New York ("Launch"). She said that Launch is a non-profit organization with a mission of fostering economic development in Upstate New York through guidance, mentoring and investing in emerging companies to help entrepreneurs build successful organizations and create new jobs in Upstate NY. It is modeled after JumpStart, a nationally recognized model for accelerating the success of diverse entrepreneurs, their high-growth companies and the ecosystems supporting them. Since 2004, Cleveland-based JumpStart has provided pro-bono technical assistance to entrepreneurs, invested $17 million into 49 early-stage Ohio companies, resulting in 1,544 direct jobs created and retained by client companies, and more than $495 million in capital raised by portfolio and client companies. Launch is currently supported by Federal and foundation grants to provide the mentoring services to technology-based entrepreneurs, enhancing their success rate. They are in the process of hiring "entrepreneurs-in-residence" who will serve as key mentors/management for new start-ups in Upstate NY. New start-ups need two key functions to succeed: 1) Access to capital and 2) Management expertise. Unfortunately, Western New York ("WNY") is severely lacking in both and it is demonstrated in the data. WNY has a negative net business start-ups (0.1% small business growth) and minimal venture capital in the region. According to MoneyTree, their $20M venture capital in all of Upstate NY, compared to $843M in New England. Launch serves to address both issues. Launch applied to the Allocation Board to hold the country's most ambitious business plan in Buffalo/Niagara to quickly accelerate the region as a leading location to start and grow business, with prize awards totaling $5,000,000. Launch is leveraging another $1M in Business Plan competition sponsorships for the awards along with resources already secured by Launch to support the mentorship services that will be provided to the competition winners.

Ms. Orsi said that the competition will:

- Attract innovators and scientists to bring forward new, commercially viable ideas in WNY;
- Encourage local entrepreneurs (including students) to start new businesses;
- Bring venture capital to the region by making it easier for firms to engage in Buffalo Niagara (due to higher volume, condensed timeframe and the right incentives);
- Raise the profile of entrepreneurship in Buffalo/Niagara, and the national profile of the region in the business community.

Under this program, most of the Funds allocated will go directly to support growth of early stage companies, potentially leading to thousands of new jobs. Launch will provide follow-on incubation and mentorship to the Business Plan winners, enhancing their success. Launch will take an equity position in companies receiving awards and commit any benefits returned from the initial investment to set up a seed fund dedicated to funding additional start-ups within the 30-mile radius of the Niagara Power Project. Launch is also planning specific prize categories for green/renewable energy projects and MWBE's. Launch has a detailed timeline for implementing the competition with clear milestones that can be included in the final award agreement to ensure accountability. This project strongly aligns with the REDC Strategy and focus on growing the economy through enhanced start-ups and creating a better eco-system for entrepreneurs. Staff is recommending $5.4M funding for Launch NY to run this business plan competition which will be used by Launch to make sub-awards.

Upon motion made by member McDuffie and seconded by member Wojtaszek, the recommendation was adopted with four members voting in favor and member Elsenbeck abstaining.

Diversified Manufacturing

Ms. Orsi presented the recommendation of Diversified Manufacturing. She said Diversified Manufacturing is a fabrication, machining and assembly shop that currently employs 145 people at two locations, one in Lockport and one in Amherst, with high paying salaries averaging $58,000. Maintaining the two facilities is inefficient and costly and not sustainable. For the future of the company, it must consolidate facilities. The company has sold the Amherst facility, where 46 of its 145 associates currently work, and as a result, it cannot accommodate the Amherst equipment and personnel into its current Lockport facility without expanding the facility (adding 45,000 sq. ft. to the current 120K sq. ft. building). The Lockport expansion comes at an extraordinary cost, due to almost $1 million in site work required at the property to enable the expansion. Although the company has secured significant bank financing, private investment and other public funding, it still has a gap to make this project go forward. This project aligns with the Board's criteria as it supports job retention, capital investment and the REDC priority on growing manufacturing. Staff is recommending an award of $500,000 (or 10% of their TPC "Total Project Cost" of $4.9M) to help fund the infrastructure costs and retain all 145 jobs for a period of time to be finalized in the agreement.

Upon motion made by member Wojtaszek and seconded by member Elsenbeck, the recommendation was adopted with four members voting in favor and member Brennen abstaining.

Coolture

Ms. Orsi presented the recommendation of Coolture. She said Coolture is the developer of cooling apparel designed to improve human performance during exercise or whenever heat becomes a health challenge. Since product demand has been growing, the company has been outsourcing manufacturing. However, it is now ready to begin manufacturing in order to significantly scale up production. The company is committed to retaining five jobs and creating 32 new jobs and investing $3.1M in ramping up production capability and growth. The company plans to lease space in the City of Buffalo. It is committed to the community and social enterprise (for example, they are working with the School for the Blind for fulfillment). This project aligns with the Board's criteria as the project supports job retention and growth, capital investment and REDC's priority on growing manufacturing, innovation and smart growth. Staff is recommending an award of $300,000 or 10% of TPC to help the company expand operations and begin manufacturing and retain/create 37 jobs and be held to them for a period of time to be specified in the final award agreement.

Upon motion made by member Elsenbeck and seconded by member Brennen, the recommendation was adopted unanimously.

b. <u>No Award Recommendation</u>

Upon motion made by member Brennen and seconded by member Elsenbeck, the resolution not recommending the applicants listed in Exhibit "6-D" (Content Savvy, Graycliff, NBT Solutions, Niagara Hospice, Roycroft, Twin Cities Community Outreach and Zoological Society) for an award of Fund Benefits was adopted with five members voting in favor of the resolution, with the exception of Chairman Colucci abstaining with respect to Graycliff.

c. <u>Applicants Not Eligible</u>

Upon motion made by member McDuffie and seconded by member Brennen, the resolution finding applicants listed in Exhibit "6-E" (Market Arcade and Niagara Falls Memorial) not eligible for an

award of Fund Benefits was adopted with five members voting in favor of the resolution, with the exception of Chairman Colucci abstaining with respect to Market Arcade Theatre.

The members asked staff to report on ways to hold companies accountable to the terms of the contract.

7. Next Meeting and Adjournment

Chairman Colucci said the next meeting of the Board is scheduled for June 24, 2013. A motion to adjourn the meeting, made by member Wojtaszek and seconded by member Brennen, was entertained by the Chairman and unanimously adopted.

JUNE 26, 2013

EXHIBITS

FOR

MAY 13, 2013

WESTERN NY

POWER PROCEEDS ALLOCATION

BOARD

Exhibit 5-A

Recommended Pre Screening Application Form

Confidential Project Information Worksheet

Western New York
Power Proceeds Allocation Board

Project Name:			
Legal Name of Applicant:			
Applicant Address:			
If a DBA List DBA Name:			
Applicant Contact Name:			
Applicant Contact Address:			
Applicant Contact Phone:		Applicant Email Address:	
Applicant Form:	"C" Corp:		
	"S" Corp:	☐	
	LLC:	☐	
	LP:	☐	
	Sole Proprietorship:	☐	
	Publicly Held for Profit Business:	☐	
	501(c)(3):	☐	
	501(c)(4):	☐	
	501(c)(6):	☐	
	Other:		

Project Information	
Total Project Cost:	
Amount of Assistance Requested:	
Projected Start Date:	
Projected Completion Date:	

Project Description
Please Provide a Brief Project Description:

Exhibit 5-A

Recommended Pre Screening Application Form

Confidential Project Information Worksheet

Western New York
Power Proceeds Allocation Board

Does any portion of this project include retail, residential, entertainment or places of overnight accommodation? *If so please explain which of these is included in your project and what percentage of your total project cost is going to this project element.*	
Economic Impact	
Will this Project Create Jobs Over the Next 3 Years: *If so how many*	
Will this Project have a Measurable Impact on Regional Tourism: *Please Explain*	
Will this Project have a Measurable Impact on the Regional Agriculture Industry: *Please Explain*	
Will this Project Train Under-represented Communities for Specific Job Placement: *Please Explain*	
Will this Project Improve Downtown Infrastructure and Attract New Investment in the Area: *Please Explain*	
Will this Project Create Entrepreneurial Opportunities with a Measurable Increased Potential for Successful	

Recommended Pre Screening Application Form

Confidential Project Information Worksheet

Western New York
Power Proceeds Allocation Board

Outcomes: *Please Explain*	
Does this Project Create/Expand Clean Energy Sources or Create/Expand Energy Efficiencies: *Please Explain*	

Western New York Power Proceeds Allocation Board

Exhibit 6-A

Western New York Economic Development Fund Recommendation Memo

Recommended Award: Exhibit "A"

Applicant Name:	Launch NY	REDC Region:	Western New York
Project Type:	Innovation/Entrepreneur Development	County:	Erie & Niagara
Industry:	Several – Health/Life Sciences, high tech industries, Manufacturing, etc.	Locality:	Buffalo
Amount Requested:	$5,418,000	Start Date:	June 2013
		Finish Date:	May 2014

RECOMMENDED OFFER	
Recommended Total Award:	$5,418,000
Total Project Cost:	$7,693,513
% of Project Cost Recommended:	69%
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	
Number of Jobs Created:	
Average Salary of Jobs:	TBD
Indirect Jobs Created	Over 1,000 (from business plan winners)
Other Impact	1,000 business plan applicants in first year exposed to the Buffalo Niagara region

PROJECT DESCRIPTION

Launch NY will create the most ambitious business plan competition ($5M in awards) in the nation to attract entrepreneurs with new technology and products to locate their start up in the Buffalo Niagara Region. Launch will target life science, advanced manufacturing, high technology and MWBE participation in the plan competition. Launch will facilitate successful growth of new businesses and attraction of entrepreneurs with support of Entrepreneurs in Residence (management talent), incubation space and capital resulting in significant and sustainable job growth as well as an improved entrepreneur climate in the Region. The Business Plan Competition will be marketed broadly outside New York State to garner help in improving Buffalo Niagara's image as a great place to start a business.

Business Plan competitions have a proven track record for assisting new businesses, and re-igniting regions. Two examples of success:

- The Rice Business Plan Competition: Starting in 2001, and billed as the "richest" with ~$1million in prizes, the competition is aimed at students and has resulted in 199 business launched (average: half of total competitors, but rising as currently is 77%), 128 business successes (alive today or successful exit). Over $460M in funding raised (majority in last 3 years).
- Start2Grow, Dortmund Germany: a business plan competition that regularly attracts 700+ applicants. The business plan competition commenced in 2000, has over 600 mentors, and has been responsible for over 700 companies and almost 4,000 jobs

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT	
SOURCE	**AMOUNT**
N/A	**N/A**
PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED	
SOURCE	**AMOUNT**
ESD	$90,000

BASIS FOR RECOMMENDATION

This proposal has the potential to significantly change the entrepreneurial development environment in the Buffalo Niagara Region, enhance the Region's image as a place where start-ups can succeed and directly assist 100's of start-ups that can create upwards of 1,000 jobs. The Buffalo Niagara Region has long lacked meaningful support for entrepreneurs, including early stage financing, business development advisory services and other incubation support. At the same time, the Region has heavily invested in research while seeing little of that research translate into viable commercial enterprises in the Region. There are numerous examples of early stage technology companies that started in Buffalo Niagara, ultimately leaving the region to grow elsewhere where they could secure financing and management talent. The Launch NY organization and business plan project can significantly change that by offering incubation, management talent and advisement and early stage financing to new start-ups. In addition, because the business plan competition will be widely publicized, it is a great opportunity to promote the Region as one, open to and seeking entrepreneurs. The winners of the business plan competition are targeted on the key industries identified in the regional council plan (energy, agriculture, advanced manufacturing, health/life sciences, logistics, and financial services). It will also bring many visitors to the area and expose them to the wonderful attributes in the region as it attracts entrepreneurs to participate in the business plan competition from outside NYS, including Canada.

Western New York Power Proceeds Allocation Board

Exhibit 6-B

Western New York Economic Development Fund Recommendation Memo

Recommended Award: Exhibit "B"

Applicant Name:	Diversified Manufacturing	REDC Region:	Western New York
Project Type:	Business Investment	County:	Niagara
Industry:	Manufacturing	Locality:	Lockport
Amount Requested:	$950,000	Start Date:	May 2013
		Finish Date:	October 2013

RECOMMENDED OFFER	
Recommended Total Award:	$500,000 maximum, depending on assistance received from ESD and applicants confirmation that they can undertake project with $500,000 in total grant funds instead of full $950,000 requested.
Total Project Cost:	$4,984,000
% of Project Cost Recommended:	10%
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	145
Number of Jobs Created:	0
Average Salary of Jobs:	$ 58,275
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

Diversified Manufacturing, a fabrication, machining and assembly shop is consolidating its facilities in Amherst and Lockport into the Lockport location, through an expansion. The consolidation is necessary to eliminate significant fixed costs of running two separate facilities that are causing a financial strain on the company. The company has sold and is closing the Amherst facility. If the expansion of the Lockport facility does not occur, the company will sell off a portion of its operations and reduce its workforce by 46 jobs. The project consists of the construction of a 45,000 sq.ft. high bay addition to the existing 120,000 sq.ft. manufacturing plant located in Lockport. The company has secured significant debt financing and private equity for the expansion but still has a financing gap to fund the facility expansion.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

SOURCE	AMOUNT
ESD	$250,000 under consideration
IDA	$250,000 loan
NYPA: Recharge NY	196kW/per month
Other: Lockport Dev. Corporation	$250,000 Loan

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

SOURCE	AMOUNT
Power for Jobs	255kW/per month

BASIS FOR RECOMMENDATION
Without grant assistance from the state, the applicant has demonstrated that the consolidation and expansion project will not go forward, putting 46 good paying manufacturing jobs at high risk of being lost. This consolidation project will ultimately improve the financial stability and growth opportunities for this company. This project will also help secure an additional 99 jobs currently in Lockport as it will help the company become more efficient. The company pays very good wages at an average of over $58,000. Manufacturing continues to be a critical component of the WNY economy as the third largest employment sector. It is one of the top industry sectors identified in the Regional Council strategy with a particular emphasis on the need to help manufacturer's innovation and improve productivity to remain competitive. If the applicant receives grant assistance, they have demonstrated their ability to move forward with the project. The applicant has successfully secured private financing, debt financing from other private and public sources and cannot take on any additional debt to support this project. The project is consistent with smart growth principles as it will expand on an existing site that already has infrastructure, is in a Brownfield Opportunity area and a developed area. There is a buyer in place for the applicant's current Amherst facility, making way for another local company to expand.

Western New York Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

Recommended Award: Exhibit "C"

Applicant Name:	Coolture	REDC Region:	Western New York
Project Type:	Business Investment	County:	Erie
Industry:	Advanced Manufacturing, Health/Life Sciences	Locality:	Buffalo
Amount Requested:	$300,000	Start Date:	June 2013
		Finish Date:	December 2015

RECOMMENDED OFFER	
Recommended Total Award:	$300,000
Total Project Cost:	$3,150,000
% of Project Cost Recommended:	10 %
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	5
Number of Jobs Created:	32
Average Salary of Jobs:	$45,313
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

Coolture introduced the first athletic-styled cooling apparel designed to improve human performance during exercise, physical therapy, leisure activities, competitive sports, or whenever heat becomes a challenge; a life-changing product for those who are chronically ill and/or active and athletic. Recently Coolture has gained great momentum and the demand for our product is growing faster than the supply. We have asked for approximately 10% of our project cost to help our company ramp up production and grow our brand and our employment base at an accelerated pace. We believe this project will lead to the next great Buffalo company that will gain Global notoriety, shine a spotlight on the new Western New York entrepreneurial friendly community and provide new employment opportunities for under-represented communities.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

SOURCE	AMOUNT
N/A	N/A

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

SOURCE	AMOUNT
N/A	N/A

BASIS FOR RECOMMENDATION

Western New York
Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

This project is based in Advanced Manufacturing and is striving to become the example of the kind of success an entrepreneurial venture can experience in Western New York. The applicant has demonstrated a desire to grow new jobs and is providing job opportunities to historically underrepresented populations. The company is contributing significant equity to the project as well. The applicant is contributing to the renaissance of the City of Buffalo by pursuing space in currently vacant buildings that will be redeveloped, preferably in a "green" manner. This applicant has demonstrated great commitment to smart growth, eco friendly design and workforce development, all of which represent the priorities of the Western New York Region.

Western New York Power Proceeds Allocation Board

Exhibit 6-D1

Western New York Economic Development Fund Recommendation Memo

Not Recommended: Exhibit "D"

Applicant Name:	Content Savvy, Inc.	REDC Region:	Western New York
Project Type:	Innovation/Entrepreneur Development	County:	Erie
Industry:	All (software to benefit all industries)	Locality:	Snyder
Amount Requested:	$500,000	Total Project Cost:	$3,643,000

REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	12 (current project workforce)
Number of Jobs Created:	5+
Average Salary of Jobs:	Not Listed
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

Content Savvy offers software as a service (SaaS) solutions to organizations enabling them to leverage "big data" for real-time competitive advantage and smarter decision making. Competitive intelligence covers many mission critical business functions including reputation tracking, industry tracking, sales prospecting, trend spotting, etc. It allows companies to stay ahead of the news, ward off potential PR crises, and gather rapid research when exploring new opportunities.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT

SOURCE	AMOUNT
N/A	N/A

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

SOURCE	AMOUNT
N/A	N/A

BASIS FOR RECOMMENDATION

This company has been offered funding assistance from Innovate NY, a venture capital fund supported by State assistance, which should move the project forward.

Western New York Power Proceeds Allocation Board

Exhibit 6-D2

Western New York Economic Development Fund Recommendation Memo

Not Recommended: Exhibit "D"

Applicant Name:	Graycliff Conservancy, Inc.	REDC Region:	Western New York
Project Type:	Infrastructure/Downtown Investment & Tourism Marketing	County:	Erie
Industry:	Tourism	Locality:	Derby
Amount Requested:	$219,088	Total Project Cost:	$219,088

REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	0
Number of Jobs Created:	0
Average Salary of Jobs:	N/A
Indirect Jobs Created	0
Other Impact	

PROJECT DESCRIPTION

Complete the restoration of the interior of the Graycliff's Estate Foster House, which will allow tours of the building; purchase of a point-of-sale system to track visitorship both for Graycliff and its tourism partners.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT

SOURCE	AMOUNT
N/A	**N/A**

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

SOURCE	AMOUNT
NYS EPF	$149,782
NYS EPF	$125,000

BASIS FOR RECOMMENDATION

Graycliff has received recent state assistance for renovations and they did not identify any other leverage/private fundraising, or equity contribution.

Western New York Power Proceeds Allocation Board

Exhibit 6-D3

Western New York Economic Development Fund Recommendation Memo

Not Recommended: Exhibit "D"

Applicant Name:	NBT Solutions, Inc.	REDC Region:	Western New York
Project Type:	Business Investment	County:	Erie
Industry:	Logistics/Trade	Locality:	Buffalo
Amount Requested:	$33,230	Total Project Cost:	$166,150

REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	3
Number of Jobs Created:	2
Average Salary of Jobs:	$62,000
Indirect Jobs Created	0
Other Impact	

PROJECT DESCRIPTION

On March 16, 2010, the FCC's (Federal Communications Commission) National Broadband Plan was unveiled in an effort to improve broadband Internet access throughout the United States by 2020. The American Recovery and Reinvestment Act of 2009 (ARRA) required that the FCC draft the National Broadband Plan which is intended to achieve affordability and maximizing use of broadband to advance consumer welfare, civic participation, public safety and homeland security, community development, health care delivery, energy independence andf efficiency, education, employee training, private sector investment, entrepreneurial activity, job creation and economic growth, and other national purposes.

The plan is having an impact on the number of households now connected to the Internet. In its report issued in November of 2013, RVA, LLC estimated that Fiber to the Home (FTTH) services are now available to 21.3 million North American homes, an increase of more than 10 percent over the past six months. In addition, the report goes on to say that all but eight of nearly 880 FTTH service providers surveyed have fewer than 30,000 subscribers, with only five having more than 50,000 access lines and 97 percent of them having fewer than 10,000. "While large providers such as Verizon in the U.S., Bell and Bell Aliant in Canada and Telmex in Mexico continue to be very important, small providers such as rural telcos, real estate developers, small competitive providers and even rural electric cops are playing a key role in driving the expansion of fiber to the home," said Michael Render, president of RVA LLC, which tracks FTTH deployment for the Council.

The implications of the report are that the gap in broadband and Internest services are being filled by smaller providers. NBT Solution believes- and our market research confirms- that as these small providers grow they will require tools to help them design, manage, and market, the fiber assets they are putting in place.

Through a series of focus group meetings with small fiber provides such as GWI (Maine) and Pangaea (North Carolina) we have determined that there is not a fiber optic management tool available to small fiber providers. The products that are on the market are too expensive, require large licensing fees, are "feature-bloated", and require extensive training and setup to use. Our proposed project is to design, build, and market a web-based, geospatial fiber optic management tool that is intended for small fiber companies (200-2000 miles of fiber). The applicationwill help these organizations with the lifecycle of fiber optic construction and management by helping them with the costing and sizing required at the design phase of a project; the marketing of these fiber assets to clients; and the maintenance of these assets. The product will be cloud-based to eliminate large computer technology investments by the fiber providers and it will be built on open source technologies to minimize licensing fees. Clients will pay for the application using a subscription payment model that includes monthly payments.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT	
SOURCE	**AMOUNT**
N/A	**N/A**
PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED	
SOURCE	**AMOUNT**
N/A	**N/A**
BASIS FOR RECOMMENDATION	
Although the project has merits and it is likely to benefit the company, the applicant indicates the project will proceed without an allocation of Fund benefits over a longer time horizon. It was also not clear if the applicant sought any loan assistance to help finance the working capital request for this project.	

Western New York Power Proceeds Allocation Board

Exhibit 6-D4

Western New York Economic Development Fund Recommendation Memo

Not Recommended: Exhibit "D"

Applicant Name:	Niagara Hospice/First Choice Health	REDC Region:	Western New York
Project Type:	Business Investment	County:	Niagara
Industry:	Health/Life Sciences	Locality:	Niagara Falls
Amount Requested:	$500,000	Total Project Cost:	$1,192,254

REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	0
Number of Jobs Created:	27
Average Salary of Jobs:	Undetermined
Indirect Jobs Created	200
Other Impact	

PROJECT DESCRIPTION

Through comprehensive case management, goals include: Keep enrollees living healthier in their homes; Increase employment opportunities; Reduce Medicaid waste/abuse and provide greater access to healthcare; Create cost savings for NYS Medicaid program reducing counties/state share of Medicaid costs; Enhance viability of WNY network providers to the program; reduce inappropriate utilization of nursing home admissions, ER, Urgent Care & inpatient admissions, and promote prevention/patient safety.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT

SOURCE	AMOUNT
N/A	N/A

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

SOURCE	AMOUNT
N/A	N/A

BASIS FOR RECOMMENDATION

Although the social/health benefits of this program may be beneficial to the community, the project does not have direct economic development benefits that warrant a Fund award. In addition, the applicant is requesting funds to pay for another state agency's (NYDOH) requirement of a reserve fund.

Western New York Power Proceeds Allocation Board

Exhibit 6-D5

Western New York Economic Development Fund Recommendation Memo

Not Recommended: Exhibit "D"

Applicant Name:	Roycroft Campus Corporation	REDC Region:	Western New York
Project Type:	Tourism/Marketing	County:	Erie
Industry:	Preservation	Locality:	East Aurora
Amount Requested:	$150,000	Total Project Cost:	$150,000

REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	0
Number of Jobs Created:	2
Average Salary of Jobs:	N/A
Indirect Jobs Created	0
Other Impact	

PROJECT DESCRIPTION

The Roycroft Campus, located in the village of East Aurora, is undergoing restoration to its grandeur of the turn of the 20th Century. The Copper Shop, built in 1902, is operated as an Arts & Crafts Gallery and Gift Shop, the gathering and concluding point for tours, a demonstration area for Roycroft Era typesetting printing, and administrative offices. Work to be completed in this phase of the project includes restoration of exterior concrete blocks, windows, and doors.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT

SOURCE	AMOUNT
NYS EPF	$100,000

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

SOURCE	AMOUNT
CCAP	$250,000
Capital Grant	$1,500,000
CCAP	$100,000

BASIS FOR RECOMMENDATION

NYS has already made significant investment into the Roycroft Campus which includes an award of $100,000 toward this project.

Western New York Power Proceeds Allocation Board

Exhibit 6-D6

Western New York Economic Development Fund Recommendation Memo

Not Recommended: Exhibit "D"

Applicant Name:	Twin Cities Community Outreach, Inc.	REDC Region:	Western New York
Project Type:	Other	County:	Niagara
Industry:	Health/Life Sciences	Locality:	Tonawanda
Amount Requested:	$175,000	Total Project Cost:	$185,000

REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	0
Number of Jobs Created:	0
Average Salary of Jobs:	100% Volunteer facility
Indirect Jobs Created	0
Other Impact	

PROJECT DESCRIPTION

We have three projects; one of which is of dire need. The projects are: (1) roof replacement, which is by far our greatest need as we must provide adequate facility for our non-profit agencies; (2) stand-by generator, to provide power in the event of an outage, resulting in the loss of thousands of dollars worth of perishable food; and, (3) solar panels, to reduce future utility costs.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT

SOURCE	AMOUNT
N/A	N/A

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

SOURCE	AMOUNT
N/A	N/A

BASIS FOR RECOMMENDATION

The services provided by the organizations housed in the applicant's facility seem to provide valuable social services to the community; however, the Fund benefits are designed to promote economic development in the designated area. This is not an economic development project.

Western New York Power Proceeds Allocation Board

Exhibit 6-D-7

Western New York Economic Development Fund Recommendation Memo

Not Recommended: Exhibit "D"

Applicant Name:	Zoological Society of Buffalo, Inc.	REDC Region:	Western New York
Project Type:	Infrastructure/Downtown Investment	County:	Erie
Industry:	Tourism	Locality:	City of Buffalo
Amount Requested:	$1,000,000	Total Project Cost:	$13,936,356

REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	0
Number of Jobs Created:	4
Average Salary of Jobs:	$40,613
Indirect Jobs Created	0
Other Impact	

PROJECT DESCRIPTION

The Buffalo Zoo is requesting $1 million to assist in the funding of a new $14 million polar bear habitat. The current bear exhibit, last updated in the 1930s, does not meet modern standards of the Association of Zoos and Aquariums. As a result, Buffalo's adult polar bears have had to be relocated to other zoos out of state. Unless a new exhibit is built, the loss of the Zoo's most popular species will become permanent, which will be devastating to attendance and financial stability.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT

SOURCE	AMOUNT
Erie County & City of Buffalo	$4,085,000
ESD/Other State	$926,000

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED	
SOURCE	**AMOUNT**
EDF	$37,500
CEFAP	$100,000
EOF	$ 1,250,000
Community Projects Grant	$6,750,000

BASIS FOR RECOMMENDATION

Since 2002, the Zoo has been the recipient of various grants from NYS, Erie County and the City of Buffalo totaling $13,000,000 for various renovation projects at the Zoo. For this project (arctic polar bear exhibit), the Zoo has secured over $5,000,000 to date in public funded grants.

Western New York Power Proceeds Allocation Board

Exhibit 6-E-1

Western New York Economic Development Fund Recommendation Memo Finding

Ineligible: Exhibit E-1

Applicant Name:	Market Arcade Film & Arts Center, Inc.	REDC Region:	Western New York
Project Type:	Infrastructure/Downtown Investment	County:	Erie
Industry:	Arts & Entertainment	Locality:	Buffalo
Amount Requested:	$1,300,000	Total Project Cost:	$1,850,000

PROJECT DESCRIPTION

Market Arcade Film & Arts Center must upgrade to digital projection in mid-2013 or it will be forced to close. This project would mean an upgrade of film projection equipment for commercial movie viewing.

BASIS FOR RECOMMENDATION

Economic Development Law ("EDL") § 189-a(5) defines "eligible projects" and further excludes certain categories of projects from such definition, including "retail businesses" as defined by the WNYPPAB and "residential properties" . As noted above, the Board has 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".

Based on a review of the application and the Board's definition of "retail business," Staff recommends that the Board find and determine that the project is not an eligible project. The application submitted by the Market Arcade Film & Arts Center, Inc. proposes a project that constitutes a retail business.

Western New York Power Proceeds Allocation Board

Exhibit 6-E-2

Western New York Economic Development Fund Recommendation Memo

Ineligible: Exhibit E-2

Applicant Name:	Niagara Falls Memorial Medical Center	REDC Region:	Western New York
Project Type:	Workforce Development	County:	Niagara
Industry:	Health/Life Sciences	Locality:	Niagara Falls
Amount Requested:	$2,000,000	Total Project Cost:	$13,376,411

PROJECT DESCRIPTION

Transformation of vacant South Jr. High School into a vibrant Center for Community Health and assisted living programs. The project is located on a Brownfield site. This project will turn one of the 3 floors of the building into a Senior residence and another floor will be designed for carry out medical services.

BASIS FOR RECOMMENDATION

Economic Development Law ("EDL") § 189-a(5) defines "eligible projects" and further excludes certain categories of projects from such definition, including "retail businesses" as defined by the WNYPPAB and "residential properties" . As noted above, the Board has 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".

Based on a review of the application and the Board's definition of "retail business," Staff recommends that the Board find and determine that the application proposes a project that is not an eligible project. The application submitted by the Niagara Falls Memorial Medical Center proposes a project that is both a retail business and a residential property.

Western New York
Power Proceeds Allocation Board

Exhibit "6-F"

Withdrawn or Incomplete Applications

- **Cleveland BioLabs, Inc.**
- **Trek, Inc.**
- **Buffalo Industries**
- **McGuire Development A.K.A Compass East A.K.A 425 Michigan Avenue, LLC.**
- **Niagara University**
- **Niagara Label Company, Inc.**

Western NY Power Proceeds Allocation Board
Exhibit G – Program Criteria
May 13, 2013

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.

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[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.