September 10, 2013

MEMORANDUM TO THE WESTERN NEW YORK POWER PROCEEDS ALLOCATION BOARD

FROM THE WESTERN NEW YORK REGIONAL DIRECTOR, EMPIRE STATE DEVELOPMENT CORPORATION

SUBJECT: Awards of Fund Benefits from the Western New York Economic Development Fund

SUMMARY

The Western New York Power Proceeds Allocation Board ("Allocation Board" or "Board") is requested to recommend to the Board of Trustees of the Power Authority of the State of New York ("NYPA" or "Authority") that awards of Fund Benefits be made to the eight applicants found in Exhibit "A", Exhibit "B", Exhibit "C", Exhibit "D", Exhibit "E", Exhibit "F", Exhibit "G", Exhibit "H" in the amounts indicated in each Exhibit.

The Board is also requested to find and determine that: (1) the applications listed in Exhibit "I" will not receive a recommendation for an award of Fund Benefits based upon the application of the relevant program criteria to such applications; (2) the applications listed on Exhibit "J" propose projects that are not eligible projects for Fund Benefits for the reasons described below; and (3) the application listed in Exhibit "K" proposes a project that is not an eligible project and, in any event, such project will not receive an award of Fund Benefits for the reasons described below.

The Board is also requested to defer the applications listed in Exhibit "L" for consideration at a later time.

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 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 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 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 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 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 "L".

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 Allocations 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 July 2, 2013, the third application due date, the Board received 16 applications collectively seeking over $18 million in Fund Benefits. Staff analyzed the applications and is now making recommendations to the Allocation Board on all applications.

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 an application of relevant Program Criteria, Staff recommends that the Allocation Board recommend to NYPA Trustees that the eight applications listed on Exhibit "A", Exhibit "B", Exhibit "C" , Exhibit "D", Exhibit "E", Exhibit "F", Exhibit "G", and Exhibit "H" each receive an award of Fund Benefits in the amount indicated. Collectively, these applicants have indicated that the proposed projects would create or retain 457 jobs in Western New York. The total amount to be expended on the projects proposed by these applications is expected to exceed $140M.

Staff has been advised that one or more of these applications may propose projects that must receive approvals and/or comply with other legal requirements, such as the State Environmental Quality Review Act, before they may proceed. Staff recommends that any affirmative recommendation by the Board for any such project not be forwarded to the NYPA for action until after the Board receives appropriate notification that all such approvals and requirements have been satisfied, and that such recommendations be made subject to further

consideration by Board in the event that such approvals and/or comply legal requirements are not satisfied.

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 "I".

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 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 applications and the Board's definition of "retail business," Staff recommends that the Board find and determine that the applications listed in Exhibit "J" by St. John Fruitbelt CDC and Mount St. Mary's Hospital and Health Center propose projects that are a retail business, and therefore are not eligible for proceeds funding.

4. Ineligible Projects and No Award Recommendation

Based on a review of the application of Lockport Main Street ("LMS") listed on Exhibit "K", additional information provided by LMS, and the language of the Act, Staff recommends that the Board find and determine that LMS's application does not propose an "eligible project," and, in any event, that no recommendation for an award of Fund Benefits will be made to the NYPA Trustees for this project.

The Act defines "eligible projects" in relevant part as "economic development projects *by* eligible applicants…" and further provides that an eligible project "may include capital investments in buildings, equipment, and associated infrastructure (collectively, "infrastructure") *owned by an eligible applicant* for fund benefits." EDL § 189-a(5) (emphasis added).

LMS's funding request relates to restoration of the so-called "Flight of Five" historic locks and associated infrastructure (collectively, the "Locks") which is owned by the Canal Corporation, a New York State entity. The Locks project is a joint restoration effort being undertaken by the Canal Corporation and the City of Lockport. Although LMS supports the Locks project, it does not own or have any property interest in the Locks, has no obligation to fund any portion of the Locks project, and has no obligation to pay for any costs (*e.g.*, goods and services) associated with the Locks restoration project. Indeed, it appears that were LMS to receive Fund proceeds, it would simply give the money to the Canal Corporation or the City – neither of which is an "eligible applicant" – to help defray the costs of their project.

5. Recommendation for Future Consideration

The Board is also requested to defer the applications listed in Exhibit "L" for consideration at a later 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 eight projects identified on Exhibit "A", Exhibit "B", Exhibit "C", Exhibit "D", Exhibit "E", Exhibit "F", Exhibit "G", Exhibit "H", 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 "A", Exhibit "B", Exhibit "C", Exhibit "D", Exhibit "E", Exhibit "F", Exhibit "G", Exhibit "H" receive an award of Fund Benefits in the amounts indicated;
(2) find and determine that the applications listed in Exhibit "I" will not receive a recommendation for an award of Fund Benefits;
(3) find and determine that the applications listed in Exhibit "J" each proposes a project that is not an eligible project;
(4) find and determine that the application listed in Exhibit "K" proposes a project that is not an eligible project and, in any event, will not receive a recommendation for an award of Fund Benefits; and
(5) find and determine that the applications listed in Exhibit "L" be deferred for consideration at a later time.

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.

Christina Orsi

Western New York Regional Director,
Empire State Development Corporation

Att.

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") 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 "A", Exhibit "B", Exhibit "C", Exhibit "D", Exhibit "E", Exhibit "F", Exhibit "G", Exhibit "H" in the amounts indicated therein, for the reasons set forth in the attached memorandum and the attachments thereto, provided that (i) applications which propose projects that must receive approvals and/or comply with other legal requirements, such as the State Environmental Quality Review Act, before they may proceed shall not be forwarded to NYPA until Staff, on behalf of the Board, receives appropriate notification that legal approvals and/or requirements which are necessary for the project to proceed have been satisfied, and (ii) such recommendations shall be subject to further Board review in the event that such approvals and/or legal requirements are not satisfied; and be it further

RESOLVED, That the Allocation Board hereby finds and determines that the applications listed in Exhibit "I" are not recommended for an award of Fund Benefits for the reasons set forth in the attached memorandum and the attachments thereto; and be it further

RESOLVED, That the Allocation Board hereby finds and determines that the applications listed in Exhibit "J" propose projects that are not eligible projects for the reasons set forth in the attached memorandum and the attachments thereto, and therefore are not eligible to receive Fund Benefits; and be it further

RESOLVED, That the Allocation Board hereby finds and determines that the application listed in Exhibit "K" proposes a project that is not an eligible project and, in any event, is not

recommended for an award of Fund Benefits for the reasons set forth in the attached memorandum; and be it further

RESOLVED, That the Allocation Board hereby finds and determines that the applications listed in Exhibit “L” will be deferred for consideration at a later time; and be it further

RESOLVED, That Staff 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.

Western New York Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

Recommended Award: Exhibit "A"

Applicant Name:	Field & Fork Network	REDC Region:	Western New York
Project Type:	Agricultural Business Development	County:	Erie
Industry:	Agriculture	Locality:	Williamsville
Amount Requested:	$166,912	Start Date:	8/1/13
		Finish Date:	4/1/14

RECOMMENDED OFFER	
Recommended Total Award:	$166,912
Total Project Cost:	$174,912
% of Project Cost Recommended:	95 %
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	N/A
Number of Jobs Created:	N/A
Average Salary of Jobs:	N/A
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

Across the State and across the Country, Regional Food Hubs are being established in an effort to connect local growers to Regional wholesale markets. The agricultural footprint of every Region is unique and for that reason there is not a one size fits all blue print for Regional Food Hubs.

The "Ready to Grow" project proposes to take the first and most fundamental step in establishing a Regional Food Hub in the Western New York Region. Field & Fork Network will execute the "Ready to Grow" project by leading a market analysis and feasibility study for the establishment of a Food Hub in the Western New York Region. Following this study and analysis Field & Fork will take the lead on establishing a business plan that will be used to create the path to a Western New York Food Hub.

The Central focus of this Regional Food Hub effort will be on Erie and Niagara Counties, however, Chautauqua, Cattaraugus, Allegany, Wyoming, Genesee and Orleans Counties will experience a great benefit as well.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

ESD:	$0	NYPA:	$0
IDA:	$0	Farm Credit Northeast:	$8,000

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

TYPE	AMOUNT	STATUS
	$	

BASIS FOR RECOMMENDATION

The applicant has provided extensive evidence backing the economic impact of a Regional Food hub in Western New York and has also shown why Field &Fork is the most capable organization to lead the Region in taking the first step toward a Regional Food Hub.

The applicant has provided this Board with a study done by the USDA which shows that fruit and vegetable farms utilizing Food Hubs to sell into local markets hire 13 people for every 3 that farms not selling into local markets hire. The applicant has also provided background on 5 different Regional Food Hubs in other Regions of New York State that are currently yielding very positive results.

A perfect example, provided by the applicant, of a comparable Region now realizing the benefits of a Regional Food Hub, is that of the "Finger Lakes Fresh, Food Hub". Finger Lakes Fresh is a Regional Food Hub procuring locally grown food from Central New York for Regional distribution. With the support of Senator Kirsten Gillibrand, Finger Lakes Fresh broke ground on June 27, 2013. Finger Lakes Fresh now employs 14 people and is projecting increasing employment to 40 people in the short term. Finger Lakes Fresh is also projecting revenues of $2.4 million by the time they enter their third year in operation. With very similar weather patterns and a very similar agricultural foot print, Finger Lakes Fresh is a very strong example of the positive economic impact a Food Hub can have on the WNY Region.

This application has been further strengthened by the tremendous local support it has received. This Board has received letters of support from notable Regional Agriculture experts like Dr. Samina Raja from the University at Buffalo Department of Urban and Regional Planning. Dr. Raja is considered an authority on local food supply and she has endorsed Field & Fork as a very capable agent for the initiation of a WNY Food Hub. This project has also been supported by Assembly Member Crystal Peoples-Stokes. Assembly Member Peoples-Stokes has been a strong advocate of the buy local food movement as a sponsor of the "Buy from the Backyard Act" which mandates State Agencies to purchase at least 20% of all of their food products from New York State producers and/or processors. Assembly Member Peoples-Stokes has also given her endorsement to Field & Fork to lead the charge in this necessary endeavor. Field & Fork has also enjoyed the support of Farm Credit North East in the form of an $8,000 grant to help get this project off the ground.

The Western New York Regional Economic Development Council has made the WNY agricultural industry a priority in its strategic plan for the economic advancement of the WNY Region. This applicant has provided extensive evidence that taking the first and most fundamental step toward a Regional Food Hub in WNY will have an enormous impact on the Agricultural foot print of Western New York.

This project also plays a big part in State and Regional Smart Growth goals which call for the preservation of farmland throughout the State and the Region. This project will lead to long term sustainability of the farms currently operating in the Region.

As stated in the project description, it is important to remember that this project will provide great benefits to Chautauqua, Cattaraugus, Allegany, Wyoming, Genesee and Orleans Counties along with the two Counties of central focus, Erie and Niagara.

Western New York Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

Recommended Award: Exhibit "B"

Applicant Name:	Global Outreach Mission, Inc.	REDC Region:	WNY
Project Type:	Workforce Development	County:	Niagara
Industry:	Job Training	Locality:	Niagara Falls
Amount Requested:	$219,000	Start Date:	In progress
		Finish Date:	Ongoing

RECOMMENDED OFFER	
Recommended Total Award:	$ 154,500
Total Project Cost:	$ 292,000
% of Project Cost Recommended:	71%
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	0
Number of Jobs Created:	67
Average Salary of Jobs:	NA
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

The goal of the Isaiah 61 Project is to respond to and provide for the unmet and under-met needs of low income households of Niagara Falls. In collaboration with O/N BOCES, the project provides a FREE four hundred (400) hour job training program in the construction trades for the unemployed and under-employed. The program includes both classroom theory/instruction as well as hands-on training by way of rehabilitating vacant homes. As an extension of the program, vacant homes in the City of Niagara Falls will be rehabbed. These homes, once rehabilitated, will then be made available to low/moderate income families to purchase.

This program has been successfully running for approximately a year during which time they have successfully rehabbed dilapidated homes and placed previously unemployed residents into skilled labor jobs backed by the education being provided to them. The program now hopes receive funding that will allow them to increase capacity by brining on more instructors, increasing classroom space and equipment and purchasing more distressed houses from the City. To achieve this expansion of the program the Isaiah 61 Project requires assistance.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

ESD:	$	NYPA:	$
IDA:	$	Other:	$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

TYPE	AMOUNT	STATUS

Western New York Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

BASIS FOR RECOMMENDATION
The Western New York Regional Economic Development Council has placed priority status on workforce development in the Region. Some of the unemployment numbers which are largely isolated in the City of Niagara Falls and the City of Buffalo are startling. This applicant proposes to chip away at the unemployed community in the City of Niagara Falls by giving them the chance to learn skills that are easily transferred to the needs of the local workforce. The project achieves moving the unemployed in Niagara Falls to work at the same time that it reclaims the long suffering neighborhoods of the City, a job which is paramount to the future of our Region. This program has already shown a propensity for success which is evidenced by the great deal of support the program has already received. This program is openly supported by Mayor Paul Dyster, the City of Niagara Falls which has supported this program through financial donations and the below market rate sale of real estate, New York State Senator George Maziarz and most recently Key Bank who made a financial contribution to the program. Grant assistance will allow the applicant to triple the amount of students served per year by the program. The class is currently being offered three (3) times a year to approximately 10 students per class (30 students per year). Funding will allow the organization to offer an additional six (6) classes per year to an additional 60 students per year. An award of Fund Benefits would allow two additional teachers to be hired for one year, and allow the organization to purchase hand tools, power tools and class room equipment. This project has the potential to transform not only the neighborhoods of Niagara Falls but the workforce as well.

Western New York Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

Recommended Award: Exhibit "C"

Applicant Name:	Aquarium of Niagara	REDC Region:	WNY
Project Type:	Tourism/Marketing	County:	Niagara
Industry:	Tourism/Education	Locality:	Niagara Falls
Amount Requested:	$2,325,700	Start Date:	11/01/2013
		Finish Date:	06/01/2014

RECOMMENDED OFFER	
Recommended Total Award:	$ 1,750,000
Total Project Cost:	$ 5,058,773
% of Project Cost Recommended:	40 %
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	3
Number of Jobs Created:	
Average Salary of Jobs:	
Indirect Jobs Created	
Other Impact	Increase visitors to the Aquarium and the surrounding area.

PROJECT DESCRIPTION

The Aquarium will begin work on Phase I of the organization's six phase Master Plan, which will significantly enhance the Aquarium as a key attraction for visitors to Niagara Falls. The project to be undertaken in Phase I is the construction of a new Penguin Exhibit for the Aquarium's colony of Humboldt Penguins. This project will allow the Aquarium to double the amount of Penguin's housed and increase the exhibit size from 500 sf. to approx. 2,500 sf.

The completion of Phase I of this project will give the Aquarium the momentum it needs to leverage the financing of the next 4 phases of the Master Plan which will ultimately provide visitors of the Aquarium with a world class experience. The phases which will be implemented following this exhibit include: renovated classrooms, lavatory facilities, ticket booths, and gift shops; site work including new parking lots, picnic areas, statues, trees etc.; renovating the lobby; and other interior renovations.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD:	$	NYPA:	$
IDA:	$	Other:	$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

TYPE	AMOUNT	STATUS

BASIS FOR RECOMMENDATION

A $25 million investment is being made in the Niagara Falls State Park to create a world class destination. The Aquarium of Niagara sits at the foot of this park that is about to become a true tourist destination and in turn will bring increased numbers of visitors to the surrounding attractions. Due to the prominent placement of the Aquarium at the foot of the Park, the Aquarium will have the opportunity to capitalize on these new generations of tourists. However, for the Aquarium to be successful in giving these new tourists an experience that will make them extend their stay in the American Niagara Falls, the Aquarium will have to provide state-of-the-art facilities and state-of-the-art programming.

In its current state the applicant is able to maintain its average annual attendance of approx. 250,000 guests which already puts them in the top 5 destinations. Presently, Niagara Falls sees 6.2 million domestic visitors who spend approximately $711 million dollars. For the applicant to capitalize on the visitors who come to Niagara Falls by getting them to increase their stay in the region the applicant must execute Phase I of their Master Plan. Phase I will create a new penguin exhibit for the Humboldt Penguins, the premier species located at the Aquarium.

The organization has already invested $750,000 of its own resources into pre-construction capital improvements and repairs to get the much needed facility renovation underway. Phase I will be the first step in a fundraising campaign that will ultimately lead to the completion of the Aquarium Master Plan, which will in-turn create a true tourist destination in Niagara Falls.

Each tourist destination in the Buffalo Niagara Region is an important piece of the puzzle of why this Region has failed to capitalize on the tourists that pass through this Region for so many years. The Aquarium is in a unique position, not only because of its physical location but because the State has made no real investment in enhancing the Aquarium experience for tourists, the way it has for some other prominent tourist destinations.

This project has been identified as a priority project by members of the State, County and City Legislatures. Letters of support of this project have been filed by Mayor Paul Dyster of Niagara Falls, Chairman William L. Ross of the Niagara County Legislature, Chairman Frank Strangio of Niagara USA, New York State Assembly Member John D. Ceretto and New York State Senator George D. Maziarz.

This project is a fundamental step in escalating the Aquarium of Niagara to a world-class destination. This is also a great opportunity for New York State and the WNYPPAB to show their support for tourism in Niagara Falls and the future of the Aquarium.

Western New York Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

Recommended Award: Exhibit "D"

Applicant Name:	Michigan Street African American Heritage Corridor Commission, Inc.	REDC Region:	WNY
Project Type:	Tourism/Marketing	County:	Erie
Industry:	Tourism Planning	Locality:	Buffalo
Amount Requested:	$250,000	Start Date:	07/01/2013
		Finish Date:	07/01/2015

RECOMMENDED OFFER	
Recommended Total Award:	$ 250,000
Total Project Cost:	$ 290,000
% of Project Cost Recommended:	86 %
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	0
Number of Jobs Created:	1
Average Salary of Jobs:	
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

The Heritage Area Commission seeks funding to hire/contract a project manager and some staff to develop a detailed implementation plan and to raise funds to achieve improved programming which creates true tourist destinations in the Corridor. The Area Management Plan has been sent for approval by New York State Parks Recreation and Historic Preservation. There is a short term goal to develop Corridor programming and a long term goal to attract public-private financing for the re-development of historic buildings in the Corridor.

The project deliverables are as follows:

- Establishment of a Project Management Team
- Development of an Implementation Strategy
- Development of a Comprehensive Fund Raising Strategy
- Restoration Design of 509 Michigan Street site
- Development of a Comprehensive Marketing and Branding Campaign

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

ESD:	$	NYPA:	$
IDA:	$	Other:	$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

TYPE	AMOUNT	STATUS
NYSDOS Grant	$120,000	Complete

BASIS FOR RECOMMENDATION

A long overlooked asset in both tourism and cultural education in the Western New York Region is its African American Heritage. As a City with a history rooted in things like the Underground Railroad and the earliest forms of American Jazz Music to hit the Northeast, Buffalo, a City still boasting a significant African American population has failed to both emphasize and capitalize on its rich African American History.

Promoting Buffalo's African American Heritage has begun thanks to the formation of the applicant Commission. The first steps taken by the Commission were to apply to the Department of State in New York for a grant that would enable this Commission to develop a plan of attack to change the way African American Heritage is consumed in Western New York.

Having experienced success in this first endeavor this organization went under contract with the NYS Department of State for grant funding to develop a comprehensive Master Plan for the African American Heritage Corridor, which includes four anchor sites and will include many future sites in the area. This $120,000 was granted to develop the master plan which was done and submitted to the New York State Office of Parks, Recreation & Historic Preservation.

Now that the plan has been completed and submitted, this Commission is in need of organization for implementation of the plan. The Commission is at its most important crossroads as it needs a leader to organize the four existing sites into one cohesive working unit and to develop programming that will transform the four sites into a cultural learning experience and a tourist destination.

As a condition of this award it is recommended that there be clear milestones set forth for the drawdown of grant funding. Some of those conditions should include:

- A fair and open selection process of Corridor management and staff which will require unanimous support of the stakeholders that currently represent the existing Corridor entities.
- A management plan to be approved by the administrator of the WNYPPAB.
- Recruitment of experts from cultural tourism institutions that have had success in designing programming for like assets, so that they can provide advice and feedback on Corridor strategic planning.

When the Western New York Regional Council prioritized building up the WNY tourism industry, it called for the utilization of existing assets to enhance the tourist experience. The African American Heritage Corridor has been established to capitalize on a long undervalued asset in WNY. This Corridor and the Commission's plan to raise the profile of this corridor has been endorsed not only by the WNYREDC but also Assembly Member Crystal Peoples-Stokes, Mayor Byron Brown, State Senator Tim Kennedy and the New York State Department of State.

Western New York Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

Recommended Award: Exhibit "E"

Applicant Name:	Niagara Label Company, Inc.	REDC Region:	WNY
Project Type:	Business Investment	County:	Erie
Industry:	Print Manufacturing/Pressure Sensitive Labels	Locality:	Akron
Amount Requested:	$250,000	Start Date:	6/24/2013
		Finish Date:	12/31/2013

RECOMMENDED OFFER	
Recommended Total Award:	$150,000
Total Project Cost:	$938,880.00
% of Project Cost Recommended:	15 %
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	36
Number of Jobs Created:	17
Average Salary of Jobs:	50,000
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

Niagara Label is an advanced label design and manufacturing company that currently employs 36people in the rural community of Akron, NY.Niagara Label makes brand labels for everything from the most noteable East Coast wineries to the major U.S. amusement parks. The company is currently experiencing a growth in demand from its customers that its current production capabilities cannot keep pace with. The company has determined that it needs to upgrade its equipment and hire and train 17 new employees in order to keep pace with demand. The company has extended its debt financing of this project to the maximum amount allowed by its bank under its current lending agreements and the company still has a funding gap for which it needs assistance to close.

The project scope includes: the purchase of a printing press finishing unit; software; hardware; and quality module increasing production capacity and product offerings. A 2100 sq. ft. expansion is also needed to complete project in its entirety.

Niagara Label is seeking assistance from the Power Proceeds Fund to complete the second phase in this two phase project. The first phase was to purchase the Digital Finishing Unit which was $625,840.00 of the total project and was put into motion by a grant awarded from Empire State Development.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

ESD:	$100,000	NYPA:	$
IDA:	$	Other:	$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

TYPE	AMOUNT	STATUS

Western New York Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

BASIS FOR RECOMMENDATION

Niagara Label is applying to this Board for assistance in completing the $938,880.00 second phase of a two phase project totaling $1,564,720.00.

Since March of this year, this project has gained the support of the Western New York Regional Council, the Erie County Industrial Development Agency, Empire State Development, and New York State Assembly Member Jane Corwin.

As an advanced manufacturing company Niagara Label is in an industry cluster which has been prioritized by the WNYREDC. The Council has shown support for this particular project by endorsing a $100,000 grant given to the company by ESD. This project proposes to increase production to meet demand, thereby increasing employment with the creation of 17 new jobs in the rural Village of Akron. The new jobs this project will create will pay employees an average of $50,000, which is well over the Regional average. This kind of job growth at the rates the company will pay is significant for a place like the Village of Akron.

The path to a grant from ESD for this company was extensive. Initially Niagara Label was instructed to investigate all potential lending for this project and they met with the ECIDA and applied for a loan through them. They were approved for a loan with the ECIDA, however, their primary bank lender instructed them that they could not take on any additional debt, as they already borrowed $1 million from their primary lender. At this point the company came back to ESD and showed evidence of maximum debt financing and the largest equity investment the company could safely make. Maxed out on loans and equity investment the company was still left with a $250,000 gap in financing for this 2 part project. ESD awarded the company a $100,000 grant so that they would be able to move forward with phase 1 of the project. A $150,000 grant from the WNY Economic Development Fund will allow the company to fully execute the project in its entirety.

Assembly Member Jane Corwin has also identified this project as a major win for the Village of Akron. The Assembly Member's office has been in contact with ESD all along the way on this project and they have emphasized that this is a family owned and operated company that has a long history in Akron, NY and has remained steadfast in its commitment to grow in WNY. The Assembly Member's office also called attention to the fact that this company has always been community conscious, which is evidenced by the fact that they always look for local companies to fill their needs before they look outside the Region.

Western New York Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

Recommended Award: Exhibit "F"

Applicant Name:	Yancey's Fancy, Inc./D&Y Cheeses, Inc.	REDC Region:	WNY
Project Type:	Business Investment	County:	Genesee
Industry:	Agriculture	Locality:	Corfu
Amount Requested:	$500,000	Start Date:	9/24/13
		Finish Date:	6/30/14

RECOMMENDED OFFER	
Recommended Total Award:	$500,000
Total Project Cost:	$20,000,000
% of Project Cost Recommended:	2.5%
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	65
Number of Jobs Created:	50+
Average Salary of Jobs:	
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

Yancey's Fancy, a New York artisan cheese production and packaging company, is planning to either buy an existing building in Wisconsin or expand their plant at their current location in Pembroke, NY.

The company needs to increase production, expand operations, allow for the development of new specialty cheeses and create employee meeting space.

At the Pembrokelocation, the company would extend the existing footprint to 70,000 sq. ft. for the first level and add an additional 42,000 sq. ft. second floor for dry goods inventory, corporate offices, employees meeting space, and employee lockers and facilities. In total the NY project will be a 112,000 sq. ft. expansion to the existing 29,000 sq. ft. building for a new total 141,000 sq. ft facility. The company currently employess 110 FTE's and pledges an addition of 50 new jobs within 3 years of the completion of the expansion.

This project which totals $20 million will also include a $2 million reverse osmosis system for the recovery of whey waste, $2 million in new equipment and the creation of 50 new jobs.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD:	$500,000	GCEDC Loan:	$200,000
IDA:	$500,000	National Grid:	$250,000

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

TYPE	AMOUNT	STATUS

ESD Capital Grant	$75,000	Complete

BASIS FOR RECOMMENDATION

D&W Cheese/Yancey's Fancy is a fast growing manufacturer of specialty and artisan cheeses. It has grown in Pembroke to where it now employs 108 people and is in need of substantially larger facilities. The company has several options including the purchase of an existing dairy operation in Wisconsin or to invest substantially in expanded facilities and capacity at its plant in Pembroke. Just two months ago ground broke on a new sewer line that will run down right by the plant and this is also allowing for the substantial new capacity in manufacturing this project will bring.

Should a Pembroke site be chosen, YF would add 112,000 sf of production space, distribution, offices, and employee facilities to its existing 29,000 sf plant. The total investment of over $20 million would retain 65 and create 50 new jobs. Should YF choose the Wisconsin option, YF would maintain its artisan business but transfer the work for 65 existing jobs from Pembroke to Wisconsin.

Ancillary to the project is the fact that YF will build a $2M reverse osmosis system for their whey waste. This is a very positive environmental investment as YF has been simply spreading their whey over a landfill with a DEC Monitor. This project takes this environmental cost and concern away.

The Finger Lakes Regional Economic Development Council has identified both food processing as well as tourism development as key industry clusters for the region. This project will create a substantial number of new jobs for a rural area and will increase the tourism traffic.

This project is clearly high priority for the Finger Lakes Region as evidenced in the collaborative efforts of ESD and the IDA to incentivize the growth of Yancey's Fancey here in Western New York. The Western New York Economic Development Fund now has the opportunity to give an award to this project and secure the commitment of this company's future growth in the the Finger Lakes Region of WNY.

Western New York Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

Recommended Award: Exhibit "H"

Applicant Name:	OSC Manufacturing & Equipment Services, Inc.	REDC Region:	WNY
Project Type:	Business Investment	County:	Erie
Industry:	Advanced Manufacturing, Logistics & Energy	Locality:	Buffalo
Amount Requested:	$3,000,000	Start Date:	7/15/13
		Finish Date:	3/31/14

RECOMMENDED OFFER	
Recommended Total Award:	Up to $750,000 000 pending pursuit of other economic development assistance first and securing remaining project financing
Total Project Cost:	$17,539,473
% of Project Cost Recommended:	8%
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	20
Number of Jobs Created:	26
Average Salary of Jobs:	$25,000 - $90,000+
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

OSC Manufacturing & Equipment Services Inc., is moving into the site of the former American Axle facility where it will build out the Manufacturing space for the OSC Green Machine, Mini Excavator, Solar Tree & Power Stations, along with Heavy Equipment Rental and Service, Metal Manufacturing & Attachment Fabrication.

The OSC all electric Mini Excavators are run by a robust lithium ion battery that reduces fossil fuels & greenhouse emissions. These machines have been tested by industry partners who attest to the fact that they bring more power at a significantly lower operating cost. OSC's goal is to start the mass marketing and sales of these machines which will provide manufacturing jobs and growth in the advanced manufacturing industry cluster to WNY.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

ESD:	$	NYPA:	$
IDA: Loan	$1,000,000	Other:	$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

TYPE	AMOUNT	STATUS
S485-b, S485-e, or PILOT	Not specified	Not specified

BASIS FOR RECOMMENDATION

This project offers the WNY Region a chance to be on the cutting edge of Clean Technology by participating in the manufacture of excavation machines with zero emissions.

As State and Federal guidelines continue to demand lower emissions on construction sites the industry is searching for ways to reduce emissions with driving up costs in excess of their budgets. This applicant has provided evidence that the machine they will be manufacturing will have zero emission, equal power and much lower operating costs which quickly make up for the additional expense of purchasing this machine.

The Western new York Regional Economic Development Council as well as the New York Power Authority has made it a priority to develop projects that capitalize on the Region's penchant for advanced manufacturing as well as projects that use alternative energy sources to reduce emissions. This applicant has demonstrated that this project will create advanced manufacturing jobs while improving the environmental outlook in the commercial construction industry.

Western New York Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

Not Recommended Exhibit "I" - 1

Applicant Name:	Burgio Health Alliance, LLC	REDC Region:	WNY
Project Type:	Business Investment	County:	Erie
Industry:	Health/Life Sciences & Logistics	Locality:	East Amherst
Amount Requested:	$380,000	Start Date:	5/01/13
		Finish Date:	9/01/14

RECOMMENDED OFFER	
Recommended Total Award:	0
Total Project Cost:	$380,000
% of Project Cost Recommended:	0
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	0
Number of Jobs Created:	55
Average Salary of Jobs:	$40,000
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

As healthcare costs continue to rise for employers and consumers, BHA creates an innovative health & wellness portal of entry into the healthcare system designed to provide direct access to many cost effective opportunities for the consumer into the health and wellness arena. Members receive savings and incentives to proactively participate in their healthcare/financial decisions.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

ESD:	$	NYPA:	$
IDA:	$	Other:	$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

TYPE	AMOUNT	STATUS

BASIS FOR RECOMMENDATION

This applicant is a very early stage start-up company. At the present time it is more appropriate for this company to pursue venture capital investment and/or State programs like Innovate New York which provides early stage investment in exchange for an equity stake in the company.

Western New York Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

Not Recommended Exhibit "I" - 2

Applicant Name:	Photolitec, LLC	REDC Region:	WNY
Project Type:	Innovation/Entrepreneur Development	County:	Erie
Industry:	Health & Life Sciences	Locality:	Buffalo
Amount Requested:	$4,600,000	Start Date:	10/01/2013
		Finish Date:	09/30/2018

RECOMMENDED OFFER	
Recommended Total Award:	$0
Total Project Cost:	$ 20,000,000
% of Project Cost Recommended:	%
REGIONAL IMPACT MEASUREMENTS	
Number of Jobs Retained:	
Number of Jobs Created:	
Average Salary of Jobs:	
Indirect Jobs Created	
Other Impact	

PROJECT DESCRIPTION

Photolitec is developing cancer imaging and therapeutic agents for use in tumor detection, monitoring tumor response, assessing disease and image-guided therapy. The requested funding will partially support the clinical trials of HPPH see Fig, 1, Ex. 9), the Phase I study of positron emission tomography (PET) cancer imaging agent (PET-ONCO) and a compound (Photobac) for the treatment of glioblastoma by fluorescence-image guided surgery and PDT, which has no existing efficient treatment.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

ESD:	$	NYPA:	$
IDA:	$	Other:	$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

TYPE	AMOUNT	STATUS

BASIS FOR RECOMMENDATION

The request for $2.6M to complete Phase 1 trial is too large without enough private sector leverage/seed capital funding and although there has been some angel investment in the company, they have not secured a private seed capital from an existing VC.

Western New York Power Proceeds Allocation Board **Exhibit "J"**

September 10, 2013

Ineligible Projects

Line	Applicant	City	County	Economic Development Region	Project Description	Classification
1	St. John Fruitbelt CDC	Buffalo	Erie	Western NY	Construction of a mixed use building which will primarily be used for a grocery store	Retail[1]
2	Mount St. Mary's Hospital & Health Center		Niagara	Western NY	strengthen OB/Gyn and Surgical services	Retail[1]

[1]" In accordance with EDL § 189-a(5), the Board defines "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."

Western New York Power Proceeds Allocation Board **Exhibit "K"**

September 10, 2013

Ineligible Projects

Line	Applicant	City	County	Economic Development Region	Project Description	Classification
1	Lockport Main Street	Lockport	Niagara	Western NY	Restoration of two of the "Flight of Five" locks that are part of the Erie Canal system.	See the Memorandum to THE WESTERN NEW YORK POWER PROCEEDS ALLOCATION BOARD for details

Western New York Power Proceeds Allocation Board **Exhibit "L"**

September 10, 2013

Applications Deferred for Further Analysis

Line	Applicant	Classification
1	ENTECCO, LLC	Deferred for further analysis
2	Buffalo Maritime Center	Deferred for further analysis
3	Humble Pie Group, LLC	Deferred for further analysis