



Western NY Power Proceeds Allocation Board

September 1, 2015

MEMORANDUM TO THE WESTERN NEW YORK POWER PROCEEDS ALLOCATION BOARD

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

**SUBJECT: Applications for 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 following applicants identified in Exhibits “A-1”, Amos Zittel & Sons, Inc. (“Zittel”); “A-2”, Tulip Molded Plastics Corporation (“Tulip”); “A-3”, Martin House Restoration Corporation (“MHRC”); “A-4”, D’Youville College (“D’Youville”); and A-5”, 43North LLC (“43North”), in the amounts indicated on such Exhibits.

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 have been provided to successful eligible applicants in the form of grants. It is anticipated that Fund Benefits will be disbursed as reimbursement for expenses incurred by an Eligible Applicant for an Eligible Project, or for proposed eligible expenditures to be incurred by the eligible applicant for an eligible project when NYPA has authorized advance disbursements.

At least 15% percent of the Fund is dedicated to eligible projects which are “energy-related projects, programs and services,” which is defined as “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 “C” to this memorandum.

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 for Empire State Development (“ESD”) to act on its behalf for administrative matters and along with NYPA, 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

Initially, the Allocation Board established a series of application due dates coupled with a schedule of dates through the end of 2015 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, ESD and 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.

In this thirteenth round, the Allocation Board has before it six applications. Staff analyzed the applications and is now making recommendations to the Board on these applications.

DISCUSSION AND RECOMMENDATIONS TO THE BOARD

1. Recommendations for Awards of Fund Benefits

The Zittel application indicates that the total amount to be expended on the project by the applicant is approximately \$4,146,494.

The Tulip application indicates that the total amount to be expended on the project by the applicant is approximately \$8,200,000.

The MHRC application indicates that the total amount to be expended on the project by the applicant is approximately \$26,681,834.

The D’Youville application indicates that the total amount to be expended on the project by the applicant is approximately \$10,355,305.

The 43North application indicates that the total amount to be expended on the project by the applicant is approximately \$1,954,289.

The associated applications have also been made available to the Board for review.

Based on a review of these applications and consideration of relevant Program Criteria, Staff recommends that the Allocation Board recommend to the NYPA Trustees that these applicants receive awards of Fund Benefits in the amounts indicated on Exhibits “A-1”, “A-2”, “A-3”, “A-4” and “A-5”, respectively.

One of 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 it may proceed. Staff recommends that any affirmative recommendation by the Board for such projects not be forwarded to the NYPA Board of Trustees 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 the Board in the event that such approvals and/or legal requirements are not satisfied.

2. Applications for Future Consideration

The Board is also requested to defer the application listed on Exhibit “B” for future consideration to allow staff more time to evaluate them.

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 recommendations or to award Fund Benefits in different amounts 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 projects identified in Exhibits “A-1”, “A-2”, “A-3”, “A-4”, and “A-5” Staff is not in a position to recommend definitive terms and conditions that should be included in any Board recommendation for an award, but Exhibits “A-1”, “A-2”, “A-3”, “A-4”, and “A-5” do list some potential terms and conditions for NYPA’s consideration. It is anticipated that NYPA staff, in consultation with Staff, would negotiate final terms and conditions if an award is made after the receipt of more detailed information concerning the project.

RECOMMENDATION

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

1. Recommend to the NYPA Board of Trustees that the applicants listed in Exhibits “A-1”, “A-2”, “A-3”, “A-4”, and “A-5” receive an award of Fund Benefits in the amounts recommended in the Exhibits for the project proposed; and
-

2. Defer consideration of the applications listed in Exhibit “B” for 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.

RESOLUTION

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”) make an award of Fund Benefits to the applicant listed in Exhibits “A-1”, “A-2”, “A-3”, “A-4” and “A-5” in the amounts recommended therein, for the reasons set forth in the attached memorandum and the attachments thereto; provided that (i) if an application proposes a project that must receive approvals and/or comply with other legal requirements, such as the State Environmental Quality Review Act, before it may proceed, the recommendation for such application shall not be forwarded to NYPA until Staff, on behalf of the Board, receives appropriate notification that such legal approvals and/or requirements which are necessary for the project(s) 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 on Exhibit “B” 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 and recommendations to NYPA subject to the qualification stated above regarding legal approvals and/or requirements, and to do any and all things and take any and all actions to effectuate the Board’s decision and the foregoing resolution.



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-1

Applicant Name:	Amos Zittel & Sons, Inc.	REDC Region:	Western New York
Project Type:	Agricultural Investment	County:	Erie
Industry:	Agriculture-Nursery and Flora culture Production	Locality:	Town of Eden
Amount Requested:	\$380,000	Start Date:	October 2015
		Finish Date:	December 2015
RECOMMENDED OFFER			
Recommended Total Award:	\$ 380,000		
Total Project Cost:	\$1,954,289		
% of Project Cost Recommended:	19%		
PROJECT BUDGET (Proposed by Applicant)			
Use of funds	Amount	Source of Funds	Amount
Concrete, in-floor heating, shade/thermal energy system, partitions, electrical	\$1,024,261	WNY EDF	\$ 380,000
		Committed: Equity Investment	\$ 524,289
Benching, transplant line, sweep, irrigation system, grow lights, environmental control computer software system, horizontal air flow, dock plates	\$930,028	Farm Credit East Loan	\$1,000,000
		Potential: Farm Credit East	\$ 50,000
Total:	\$1,954,289	Total:	\$1,954,289
REGIONAL IMPACT MEASUREMENTS			
Job Commitments:	The Funding Track under which the application was submitted does not require job-related commitments. Nevertheless, supporting this project is expected to have the effect of preserving 25 full time equivalent ("FTE") positions and supporting applicant's ability to hire up to 5 additional FTEs.		
Average Salary of Jobs:	\$40,000		
Indirect Jobs Created:	N/A		
Other Impact:	Between \$8.5 million and \$10 million infusion to		



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-1

	regional economy within three years.
--	--------------------------------------

PROJECT DESCRIPTION (Adapted from Application)			
<p>Amos Zittel & Sons, Inc. will complete Phase II of the rebuild of two acres of new, state of the art greenhouses to replace those destroyed by a November 2014 snowstorm that hit WNY and caused several million dollars damage to the applicant’s greenhouses, buildings, equipment and crops.</p> <p>Phases I and II of the project entail the construction of two acres of energy efficient greenhouses that will allow for the extended production of vegetables into the late summer and fall seasons. Upgraded greenhouse space will allow the applicant to grow finished crops of flowers for direct to market sale (approximately 10% of applicant’s total business), as well as finished flowers and rooted liners wholesaled to independent garden centers. Plans include features that will allow the applicant to facilitate its transition to growing organic vegetable crops in the greenhouse to extend their growing season.</p> <p>The applicant plans to grow organic hot peppers, which have been requested by Wegmans and Tops Markets, and start other vegetable crops (valued at approximately over \$2MM), which are later transplanted to open fields.</p>			
OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD:	\$ N/A	NYPA: NA	\$
IDA: PILOT, Sales Tax & Mortgage Recording	\$ N/A	Other: N/A	\$
PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED			
TYPE	AMOUNT	STATUS	
	\$		



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-1

BASIS FOR RECOMMENDATION

Phase I of the project consisted of constructing the outer shell of the greenhouses and was funded mainly through insurance proceeds. Fund Benefits would be used to complete Phase II of the project, the interior build-out, and the addition of energy efficient systems thereby allowing for productivity improvements and a smaller carbon footprint. In-floor heat and thermal curtain systems will allow for a better growing environment and lower energy costs. In addition, the applicant plans to replace traditional lighting with an LED system to help reduce energy costs. An environmental control system would allow close monitoring and syncing of all systems to further maximize efficiencies. An award aimed at these expenses will also allow the use of Fund Benefits that are dedicated by statute for energy-related projects, programs and services.

Without the completion of this project the applicant has indicated it would be unable to retain 25 existing full time employees and hire additional employees. Additionally, a \$2MM loss in gross revenue (45% of 2014 revenues) is estimated, if the greenhouses are not re-built.

ANTICIPATED DISBURSEMENT TERMS

It is anticipated that Fund Benefits would be used to reimburse the applicant for a portion of costs related to the installation of energy efficient equipment in its new greenhouse space. Funds will be disbursed in lump sum upon project completion, and as evidenced by attainment of a certificate of occupancy and/or other documentation verifying project completion and documentation verifying project expenditures of approximately \$1,954,289.



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-2

Applicant Name:	Tulip Molded Plastics Corporation ("Tulip")	REDC Region:	Western New York
Project Type:	Business Investment	County:	Niagara County
Industry:	Plastics and Rubber Products Manufacturing	Locality:	City of Niagara Falls
Amount Requested:	\$1,500,000	Start Date:	October 2015
		Finish Date:	October 2017
RECOMMENDED OFFER			
Recommended Total Award:	\$ 1,000,000		
Total Project Cost:	\$10,355,305		
% of Project Cost Recommended:	10%		
PROJECT BUDGET (Proposed by Applicant)			
Use of funds	Amount	Source of Funds	Amount
Building Lease (15 year)	\$5,985,000	WNY EDF	\$1,500,000
New Equipment Leases (7.5 year)	\$3,373,000	Tulip Equity for Lease Payments	\$8,855,305
Used Equipment Lease, Move, Install (7.5 year)	\$997,305		
Total:	\$10,355,305	Total:	\$10,355,305
REGIONAL IMPACT MEASUREMENTS			
Job Commitments:	<p>Tulip previously committed to retain 70 full time equivalent ("FTE") positions in exchange for NYPA hydropower allocations (discussed below). It currently employs 81 FTEs.</p> <p>In exchange for a Fund Benefits award, Tulip will commit to retain the 11 existing FTEs (i.e., over the committed 70), and create and retain 10 additional FTEs over a period of time to be specified in a Fund Benefits Agreement.</p>		
Average Salary of Jobs:	\$38,380		
Indirect Jobs Created:	N/A		
Other Impact:	Remediation of Brownfield site in Niagara Falls		



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-2

PROJECT DESCRIPTION (Adapted from Application)			
<p>Tulip currently operates out of a 114-year-old, 125,000 square foot manufacturing facility that has deteriorated to the point that it is no longer practical or cost competitive to own and operate. The company plans to lease a 70,000 square foot, newly constructed building on land adjacent to its current facility in the City of Niagara Falls. Expenses associated with the project include building lease costs and costs related to the lease, relocation and installation of existing equipment, and lease, delivery and installation of new manufacturing equipment.</p>			
OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD: Excelsior & Grant	\$ 550,000	NYPA: Tulip currently receives 300 kilowatts (“kW”) of NYPA Expansion Power and 1,200 kW of NYPA Replacement Power.	\$
IDA: PILOT, Sales Tax & Mortgage Recording	\$ N/A	Other: N/A	\$
PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED			
TYPE	AMOUNT	STATUS	
	\$		
BASIS FOR RECOMMENDATION			
<p>Tulip, founded in 1976, is owned by Saugatuck Capital, a private investment firm located in Wilton, CT that specializes in middle market acquisitions and growth equity investments. Tulip also has a facility in Milwaukee, WI. Tulip specializes in thermoplastic injection molding for a wide range of customers including producers of batteries, bottled water, dairy products, contract molded products and the solid waste environmental industries.</p> <p>The Niagara Falls operation is located in a 125,000 square foot facility that was built in 1910. We are advised that the 114-year-old facility is very inefficient and laden with asbestos, making any renovation or expansion at that site too expensive to consider. In order to become more efficient and expand, the company must relocate to a modern building of approximately 70,000 sq. ft.</p> <p>Tulip’s owner is encouraging Tulip to move to a lower cost location out of NYS. The WNYREDC has</p>			



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-2

given high priority to the growth of the manufacturing industry in WNY.

A Fund Benefits award would provide for the creation of 10 new FTE positions and the retention of 11 existing FTE positions in one of the most distressed economic areas in New York State (Tulip is the last remaining manufacturer on Highland Ave. in Niagara Falls). As Tulip would be the first business to locate on the proposed site, this project also supports the successful reuse of a parcel of land that has been remediated through the Brownfield Cleanup Program.

ANTICIPATED DISBURSEMENT TERMS

Fund Benefits would be used to reimburse the applicant for a portion of costs associated with the project, such as the relocation of existing equipment and installation and lease costs associated with existing and new equipment.

It is anticipated that funds will be disbursed annually in arrears in a manner that is proportionate to the total for eligible expenses. Payment will be made upon presentation to NYPA of invoices and such other documentation acceptable to NYPA verifying the applicant has incurred eligible expenses and is compliant with job commitments.



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-3

Applicant Name:	Martin House Restoration Corporation ("MHRC")	REDC Region:	Western New York
Project Type:	Tourism/Marketing	County:	Erie
Industry:	Not for Profit	Locality:	City of Buffalo
Amount Requested:	\$820,000	Start Date:	June 2015
		Finish Date:	December 2017
RECOMMENDED OFFER			
Recommended Total Award:		\$ 700,000	
Total Project Cost:		\$ 4,146,494	
% of Project Cost Recommended:		17 %	
PROJECT BUDGET (Proposed by Applicant)			
Use of funds	Amount	Source of Funds	Amount
Interior Wood Restoration Wall Finishes; Fireplace Mosaic Tiles	\$3,937,968	WNY EDF Committed: Oishei Foundation Seymour Knox Foundation Peter C. Cornell Trust Stanford and Judi Lipsey Margaret Wendt Foundation Individual Donations DASNY, EPF, ESD LP Ciminelli (In-Kind)	\$ 820,000 \$ 500,000 \$ 100,000 \$ 25,000 \$ 100,000 \$ 250,000 \$ 155,000 \$ 557,350 \$ 91,052
Architecture Engineering & CM Fees	\$ 208,526	Potential: Multiple Private Requests	\$1,548,092
Total:	\$4,146,494	Total:	\$4,146,494
REGIONAL IMPACT MEASUREMENTS			
Job Commitments:	The Funding Track under which the application was submitted does not require job-related commitments.		
Average Salary of Jobs:	N/A		
Indirect Jobs Created	N/A		
Other Impact	Applicant's intention is to attract an estimated		



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-3

	<p>50,000 to 80,000 visitors annually to the region.</p> <p>A comprehensive market analysis completed by an independent firm opines that the Darwin Martin House has the potential to have a substantial impact on the regional economy, specifically, at stabilized attendance; an estimated \$10.4 million of direct expenditures would be generated in the regional economy, with about \$8.9 million being net new visitor spending to the area.</p>
--	--



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-3

PROJECT DESCRIPTION (Adapted from Application)			
<p>The Darwin Martin House Complex, located in Buffalo, NY, suffered considerable damage after the extended Martin family vacated it in 1937 and in 1962 three of the original five buildings were demolished. The Complex had many owners from 1954 through 2002 when title was transferred to the Martin House Restoration Corporation (MHRC) in 1992 to oversee a complete restoration of the complex.</p> <p>In 1996, a five phase restoration project was commenced to return the Complex to its 1907 condition. To date Phases I-IV and a portion of Phase V of the restoration project (V.A) have been completed. The applicant plans to complete the second half of Phase V (V.B) of this project which entails interior restoration of the extensive wood trim and built-in cabinetry, paint and plaster finishes and re-creation of an elaborate fireplace mosaic in the Martian House.</p>			
OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD: (2006-2015)	\$ 10,286,000	NYEDP/DASNY:	\$300,000
NYS EPF:	\$ 425,000	Other:	
PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED			
TYPE	AMOUNT	STATUS	
Member item	\$500,000	Complete	
Erie County	\$50,000	Complete	



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-3

BASIS FOR RECOMMENDATION

The Martin House, which MHRC currently holds title to, is the subject of a unique public-private partnership with New York State as outlined in a legal “Joint Cooperative Agreement” linking SUNY (UB) and the NYS OPRHP (Parks) with the MHRC. SUNY “donated” the Darwin Martin House to the restoration effort, knowing that historic preservation and interpretation was not part of its core mission. Parks owns the interior collections (furnishings and decorative elements) and Parks has committed to the long term capital maintenance of the historic site following completion of the restoration. In addition, as part of the cooperative agreement, the Martin House is a designated NYS Historic Site, and the first and only 20th century architectural representation this group.

State support was always envisioned to be a considerable component of the restoration effort, and that has proved to be the case. While significant state funds have already been committed through a variety of resources, available private resources have been accessed and tapped out. After twenty years, and with approximately \$46 million already raised to date for the \$50 million total project, the project needs some additional funding to get over the finish line. The applicant feels very strongly that the \$1.5MM in potential funds identified above will likely be received sometime in 2016.

ANTICIPATED DISBURSEMENT TERMS

It is anticipated that Fund Benefits would be used to reimburse the applicant for a portion of the costs associated with the interior restoration of the wood trim and built-in cabinetry, paint and plaster finishes and re-creation of an elaborate fireplace mosaic in the Martin House incurred as part of Phase V.B. Funds would be disbursed in lump sum upon project completion, as evidenced by such documentation NYPA may require verifying project completion and applicant expenditures of approximately \$4,146,494.



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-4

Applicant Name:	D'Youville College	REDC Region:	Western New York
Project Type:	Infrastructure/Entrepreneur Investment	County:	Erie
Industry:	Higher Education	Locality:	City of Buffalo
Amount Requested:	\$1,657,627	Start Date:	April 2014
		Finish Date:	August 2015
RECOMMENDED OFFER			
Recommended Total Award:		\$ 400,000	
Total Project Cost:		\$26,681,834	
% of Project Cost Recommended:		2%	
PROJECT BUDGET (Proposed by Applicant)			
Use of funds	Amount	Source of Funds	Amount
Planning	\$875,000	WNY EDF	\$1,657,627
Acquisition	\$723,064	Committed:	
Demolition	\$765,038	John R. Oshei Foundation	\$2,000,000
Construction	\$19,163,391	Margaret L. Wendt Foundation	\$600,000
Furniture, Fixtures & Equipment	\$5,155,341	Additional Foundations & Individuals	\$6,070,250
		D'Youville College Equity	\$11,893,957
		Potential:	
		Foundations	\$985,000
		Trustees, Individuals & Corporations	\$3,475,000
Total:	\$26,681,834	Total:	\$26,681,834
REGIONAL IMPACT MEASUREMENTS			
Job Commitments:	The Funding Track under which the application was submitted does not require job-related commitments.		
Average Salary of Jobs:	N/A (not required under this track)		
Indirect Jobs Created:	N/A (not required under this track)		
Other Impact:	The proposed project is expected to have positive impact on the applicant's participation in the Start-Up NY ("SUNY Tax Free Areas to Revitalize and Transform Upstate NY") program, and current community development activities.		



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-4

PROJECT DESCRIPTION (Adapted from Application)			
<p>D'Youville is converting the former Gateway-Longview building at 605 Niagara Street (on the Corner of Niagara and Jersey Streets) in the City of Buffalo into a state-of-the-art School of Arts, Sciences, and Education building. All but 25,000 square feet of the original 60,000 square foot complex has been demolished, and the final structure will be comprised of 85,000 square feet of newly constructed and renovated space. The complex will house nineteen laboratories (three basic biology labs, a microbiology lab, an advanced biology lab, a biochemistry lab, a basic chemistry lab, an organic chemistry lab, an advanced chemistry lab, a health professions lab, two physics labs, three computer labs, a specialty computer lab, a fine arts lab, and two research labs) and nine smart classrooms.</p> <p>This project will address the issues of the age and capacity of D'Youville's current science building, the lack of space on D'Youville's campus for Start-Up NY companies, and a large, vacant building on Niagara Street adjacent to, but not part of, D'Youville's campus.</p>			
OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD:	\$ N/A	NYPA: NA	\$
IDA: PILOT, Sales Tax & Mortgage Recording	\$ N/A	Other: N/A	\$
PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED			
TYPE	AMOUNT	STATUS	
ESD: NA	\$		
BASIS FOR RECOMMENDATION			
<p>This project is tied to D'Youville's approved Start-Up NY initiative in terms of: 1) collaboration with faculty and students in the new laboratories, 2) use of the new laboratories when classes are not in session and 3) freeing up 33,000 square feet of current campus science instruction and lab space for use by participating companies. Each Start-Up NY company that locates at D'Youville has the potential to create new jobs in the region, and this project will make D'Youville a much more attractive and viable site for facilitating their development.</p> <p>Further, this project involves the reuse of a vacant building on Niagara Street which makes a significant contribution to the Niagara Street Sustainable Corridor and Community Integration Project. D'Youville College is the only private higher education institution located in the City of Buffalo positioned to have an impact on Buffalo's redesign of its critical gateways and corridors,</p>			



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-4

making this building project very unique.

Finally, a Fund Benefits award would provide D'Youville students majoring in the health sciences with a modern and well-equipped learning environment. Approximately 70% of D'Youville's students graduate with a degree in the health sciences each year and the education these students receive in the new building will make them more attractive to Buffalo's health care sector and more competitive in the regional job market.

DISBURSEMENT TERMS

It is anticipated that Fund Benefits would be used to reimburse the applicant for a portion of the costs associated with the interior build-out of laboratories, classrooms, seminar rooms, study space, and faculty offices. Funds would be disbursed in lump sum upon project completion, as described above and as evidenced by such documentation NYPA may require verifying project completion and project expenditures of approximately \$26,000,000.



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-5

Applicant Name:	43 North LLC ("43North")	REDC Region:	Western New York
Project Type:	Innovation/Entrepreneur Development	County:	Erie & Niagara
Industry:	Innovation/Entrepreneur Development	Locality:	City of Buffalo
Amount Requested:	\$6,000,000	Start Date:	January 1, 2016
		Finish Date:	December 31, 2017 (including incubator support)
RECOMMENDED OFFER			
Recommended Total Award:	Up to \$ 6,000,000 (for 2016 competition)		
Total Project Cost:	Approximately \$ 8,200,000 (for 2016 competition)		
% of Project Cost Recommended:	Up to 73 %		
PROJECT BUDGET (Proposed by Applicant)			
Use of funds	Amount	Source of Funds	Amount
Salaries & Wages	\$670,000	WNY EDF (for 2016 competition)	
Rent/Lease	\$60,000	Up to	\$6,000,000
Self- Sustainability		Committed:	
Strategic Investments	\$1,200,000	Various Sponsors	\$200,000
Marketing, Finals Weeks, Travel, Professional Services,		Potential:	
Operating Cost of Incubator	\$1,270,000	ESDC	\$1,000,000
Awards to Winners (for the 2016 competition)	\$5,000,00	Various Sponsors (for the 2016 competition) Approx.	\$1,000,000
Total:	\$8,200,000	Total:	\$8,200,000
REGIONAL IMPACT MEASUREMENTS			
Job Commitments:	The Funding Track under which the application was submitted does not require job-related commitments. Nevertheless, supporting this project is expected to have the effect of preserving approximately 5 full time positions.		
Average Salary of Jobs:	N/A		



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-5

Indirect Jobs Created	TBD based on competition winners establishing a long term presence (greater than one year) in the Buffalo-Niagara region.		
Other Impact	Enhanced venture capital investment in the region.		
PROJECT DESCRIPTION (Adapted from Application)			
<p>43North LLC would continue to operate the world’s richest business idea competition in 2016 by offering up to \$5M in awards to multiple business winners. The program would include global outreach through social media, in-person roadshows, and use of traditional media to promote 43North and business investment in the Buffalo-Niagara region. In addition, 43 North will incubate the winners from the 2014, 2015 & 2016 competition winners in their Buffalo space and in collaboration with other local entrepreneur support services from organizations like Buffalo Niagara Partnership, Buffalo Niagara Enterprise, Leadership Buffalo, University at Buffalo, and others.</p> <p>43North will also host a global audience during “43North Week” for the 2015 competition, which is held each year when the winners of the business idea competition are selected.</p>			
OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD: (2006-2015)	\$ 1,000,000	NYPA :	\$
IDA:	\$	Other:	\$
PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED			
TYPE	AMOUNT	STATUS	
WNY Fund Proceeds	\$11,418,000 of 43North for 2014 & 2015	Awarded and partially disbursed	



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-5

BASIS FOR RECOMMENDATION

Continuing the business plan competition for the third year aligns with the entrepreneurial strategy of the Western New York Regional Economic Development Council and Governor Cuomo's Buffalo Billion Investment Development Plan. 43North is a catalyst for entrepreneurship and business investment in Western New York, attracting entrepreneurs and venture capital investment to Buffalo from around the world as well as enhancing Buffalo's image as an attractive place for start-up businesses to be located.

The first year (2014) of the Launch NY/43North business competition succeeded in achieving significant positive media impact for Buffalo locally and nationally, with over 301 articles written, including in Forbes, Business Insider, and Fortune Magazine. In addition, 43North attracted over 2,600 qualified applicants to the competition from every U.S. state and 96 countries, demonstrating that Buffalo can be an attractive location for start-up businesses. The competition successfully held a "43North Week" event to showcase the finalists and awarded 11 winners. Over 30 start-ups also participated in the Bright Buffalo start up forum.

The second year (2015) of the business plan competition harnessed momentum from the first year of the competition. The 2015 roadshow took the team to 19 North American cities, with additional representation in India which culminated in over 3,000 qualified applicants from 50 states, nine Canadian provinces, and 117 countries. 110 of those applicants are moving on as semifinalists. Over the next several weeks, each semifinalist team will take part in a live video pitch with a team of volunteer judges. The 2015 finals will take place October 29th. There have been 20 million social media impressions and 200+ media hits including New York Times, the Globe & Mail, Huffington Post and the Buffalo News.

The continuation of this program has the potential to result in over 30 direct new starts ups in Buffalo, plus other "trailing" semi-finalists who choose to start their business in Buffalo and venture capitalists choosing to invest in Buffalo because of the pool of growing start-ups. This in turn can catalyze direct and indirect job growth and aligns with the WNYREDC to support entrepreneur development.

The Buffalo Niagara community has demonstrated tremendous support for this program by providing in-kind marketing and event support services from the Buffalo Niagara Enterprise. In addition many area business and economic development partners (including Insyte, UB STOR and



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-5

CEL and Launch NY) provided and offered on-going mentoring support services to semi-finalists and competition winners. Other area organizations including the Buffalo Niagara Partnership and Leadership Buffalo have come together to develop programs to provide personal and business support to the competition winners. Going forward, 43 North will continue to seek collaborative support from area mentors, economic development partners and funders to provide optimal support to competition winners helping enhance their growth in Buffalo.

DISBURSEMENT TERMS

It is anticipated that Fund Benefits would be used to reimburse the applicant for (1) working capital including, but not limited to, personnel, marketing, incubator services and overhead (approx. \$1,000,000), and (2) prizes for winners of the 2016 competition (up to \$5,000,000).

It is anticipated that Fund Benefits would be disbursed as follows, subject to final terms and conditions provided for in the Fund Benefits Agreement (“FBA”) between the New York Power Authority (“NYPA”) and the applicant:

1. Operating Expenses Funding

- a. Initial advance of up to \$500,000 for operating expense disbursed at a time or times yet to be determined after execution of an FBA between NYPA and 43North.
- b. All subsequent advances and/or disbursements for operating expenses made contingent upon 43North (i) raising and receiving funds from other sources (e.g., sponsorships and donors) in amounts to be determined by NYPA, and (ii) achieving other milestones to be determined by NYPA.

2. Award Funding

- a. Up to \$5,000,000 may be disbursed upon awarding of \$5,000,000 in prizes pursuant to business plan idea winners in 2016 competition, provided that the total amount of Fund Benefits for operating expenses and award funding may not exceed \$6,000,000.
- b. A portion of the total award shall be subject to recapture if 43North fails to meet reporting and other requirements provided for in the FBA.

3. Miscellaneous

It is anticipated that the FBA would include the following terms and conditions among others:

- a. Pre-approval by NYPA of: 43North’s marketing plan and budgets.
- b. Pre-approval by NYPA of the process for selecting finalists and winners, the final



Western NY Power Proceeds Allocation Board

Western New York Economic Development Fund Recommendation Memo

EXHIBIT A-5

number of awards and the final amount of individual awards.

- c. Pre-approval by NYPA of competition criteria.
- d. Annual written reports to NYPA which address the following information at a minimum:

- Number, name and amount of prizes awarded to each of company.
- Marketing impact – positive media hits about 43 North and WNY
- Status of all prior 43 North winners, including location, number of jobs and other funds raised each year following award by 43 North.
- Other funds (including sources and amounts) raised to support 43 North.

- e. Additional reports to address specific issues as NYPA may require.
- f. 43North shall require winners to agree to certain conditions to be determined by NYPA.
- g. 43North shall provide updates and solicit input from NYPA, and its designees, on no less than a quarterly basis.
- h. Pre-approval by NYPA of certain of 43North's expenditures.

The competition will be held in 2016 with a total of up to \$5,000,000 in prizes awarded. All winners would be offered incubator space and support services and be required to locate their business in Western New York for at least one year following completion of the competition.



Western NY Power Proceeds Allocation Board

Exhibit "B"
September 1, 2015

Applications Deferred for Further Analysis

Line	Business	Classification
1	Buffalo and Erie County Development Corporation (Bethlehem Steel)	Deferred for further analysis



Western NY Power Proceeds Allocation Board

Exhibit "C"

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.

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.

- Foster entrepreneurship and new business formation and growth. Designing a plan that brings new technologies and/or products to the marketplace, increases new startups 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 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

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.

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.
 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.
-
-