

**ECONOMIC DEVELOPMENT POWER
ALLOCATION BOARD**

MINUTES

**January 26, 2010
Videoconference – 10:00 a.m.**

***New York Power Authority Offices:
123 Main Street, 16th Floor, White Plains, NY
30 South Pearl Street, 10th Floor, Albany, NY
Empire State Development Corp., 95 Perry Street, Suite 500, Buffalo, NY***

1. Approval of the Minutes of the Meeting of December 14, 2009.
2. Power for Jobs Extended Benefits Recommendations for
Electricity Savings Reimbursements

A. COMPANIES IN JOB COMPLIANCE

Con Edison - Service Territory

92nd Street YM-YWHA New York - New York County	IBM Corp. Armonk - Westchester County
AT&T White Plains - Westchester County	Intrepid Museum Foundation New York - New York County
Bank of New York New York - New York County	S. R. Guggenheim Museum New York - New York County
Continental Food Products, Inc. Flushing - Queens County	The Museum of Modern Art New York - New York County
Fordham University Bronx - Bronx County	Verizon New York - New York County

Long Island Power Authority - Service Territory

Ametek Hughes-Treitler Garden City - Suffolk County	Kleer-Fax Inc. Amityville - Suffolk County
Good Samaritan Hospital West Islip - Suffolk County	Maloya Laser Inc. Commack - Suffolk County

National Grid - Service Territory

Albany International Corp. Homer - Cortland County	Kilian Manufacturing Corporation Syracuse - Onondaga County
Albany Molecular Research, Inc. Albany - Albany County	Lewis County General Hospital Lowville - Lewis County

AMRI – Rensselaer
Rensselaer - Rensselaer County

McLane Eastern
Baldwinsville - Onondaga County

Applied Energy Solutions
Caledonia - Livingston County

Mohawk Paper Mills
Cohoes - Albany County

Atofina Chemicals, Inc.
Geneseo - Livingston County

Paul Bunyan Products, Inc.
Preble - Cortland County

Bank of New York
Oriskany - Oneida County

Quad Graphics, Inc.
Saratoga Springs - Saratoga County

Bestway Enterprises
Cortland - Cortland County

Queensboro Farm Products, Inc.
Canastota - Madison County

Borg-Warner Morse Tek Corp.
Cortland - Cortland County

Robison & Smith, Inc.
Gloversville - Fulton County

Bristol-Myers Squibb Company
East Syracuse - Onondaga County

Snyder Industries, Inc.
N. Tonawanda - Niagara County

Cooper Industries
Syracuse - Onondaga County

Syracuse Label Co., Inc.
Liverpool - Onondaga County

Cortland Line Co., Inc.
Cortland - Cortland County

Vicks Lithograph & Printing
Yorkville - Oneida County

G L & V Sandy Hill Inc.
Hudson Falls - Washington County

Welch Allyn Data Collection Inc.
Skaneateles Falls - Onondaga County

HMI Metal Powders
Clayville - Oneida County

New York State Electric & Gas

Audio Sears
Stamford - Delaware County

Soucy USA
Champlain - Clinton County

Borg-Warner Automotive Morse TEC
Ithaca - Tompkins County

Vail Ballou Press, Inc.
Binghamton - Broome County

Corning, Inc.
Big Flats - Chemung County

Rochester Gas & Electric

Gorbel Corp.
Fishers - Ontario County

XLI Corporation
Rochester - Monroe County

3. Extension of Economic Development Plan – Use of Net Revenues Produce by Sale of Expansion Power as Industrial Incentive Awards

OTHER BUSINESS

4. Next Meeting

A regular meeting of the Economic Development Power Allocation Board was held via video conference at the following participating locations:

- 1) New York Power Authority, 123 Main Street, White Plains, NY
- 2) New York Power Authority, 30 South Pearl Street, Albany NY
- 3) Empire State Development Corp., 95 Perry Street, Suite 500, Buffalo, NY

The following Members of the Board were present at the following locations:

Kenneth Schoetz, Chairman (Buffalo, NY)
Bernard P. McGarry, Member (Albany, NY)
Eugene L. Nicandri, Member, (White Plains, NY)

Also in attendance were:

James F. Pasquale	Senior Vice President - Marketing & Economic Development, NYPA
Lorna Johnson	Assistant Secretary, NYPA
Timothy Muldoon	Manager – Business Power Allocations & Compliance, NYPA
Michael Huvane	Director – Business Muni & Coop Marketing & Economic Development, NYPA
D. Eccleston	Chief Information Officer, Information Technology, NYPA

1. **Adoption of Minutes**

The minutes of the meeting of December 14, 2009 were unanimously adopted.

2. Power for Jobs Program – Extended Benefits

SUMMARY

The Members of the Economic Development Power Allocation Board (“EDPAB”) are asked to recommend that the Power Authority’s Trustees (“Trustees”) approve extended benefit electricity savings reimbursement rebates for 46 Power for Jobs (“PFJ”) customers as listed in Exhibit “A”.

BACKGROUND

In July 1997, the New York State Legislature approved a program to provide low-cost power to businesses and not-for-profit corporations that agree to retain or create jobs in New York State. In return for commitments to create or retain jobs, successful applicants received three-year contracts for PFJ electricity.

The PFJ program originally made 400 megawatts (“MW”) of power available and was to be phased in over three years. As a result of the initial success of the program, the Legislature amended the PFJ statute to accelerate the distribution of the power and increase the size of the program to 450 MW. In May 2000, legislation was enacted that authorized additional power to be allocated under the program. Legislation further amended the program in July 2002.

Chapter 59 of the Laws of 2004 extended the benefits for PFJ customers whose contracts expired before the end of the program in 2005. Such customers had to choose to receive an “electricity savings reimbursement” rebate and/or a power contract extension. The Authority was also authorized to voluntarily fund the rebates, if deemed feasible and advisable by the Trustees.

PFJ customers whose contracts expired on or prior to November 30, 2004 were eligible for a rebate to the extent funded by the Authority from the date their contract expired through December 31, 2005. Customers whose contracts expired after November 30, 2004 were eligible for rebate or contract extension, assuming funding by the Authority, from the date their contracts expired through December 31, 2005.

Approved contract extensions entitled customers to receive the power from the Authority pursuant to a sale-for-resale agreement with the customer’s local utility. Separate allocation contracts between customers and the Authority contained job commitments enforceable by the Authority.

In 2005, provisions of the approved State budget extended the period PFJ customers could receive benefits until December 31, 2006. Chapter 645 of the Laws of 2006 included provisions extending program benefits until June 30, 2007. Chapter 89 of the Laws of 2007 included provisions extending program benefits until June 30, 2008. Chapter 59 of the Laws of 2008 included provisions extending the program benefits until June 30, 2009. Chapter 217 of the Laws of 2009 included provisions extending the program benefits until May 15, 2010.

At its meeting of October 18, 2005, EDPAB approved criteria under which applicants whose extended benefits EDPAB had reduced for non-compliance with their job commitments could apply to have their PFJ benefits reinstated in whole or in part. EDPAB authorized staff to create a short-form application, notify customers of the process, send customers the application and evaluate reconsideration requests based on the approved criteria.

DISCUSSION

EDPAB is requested to recommend that the Authority Trustees approve electricity savings reimbursement payments (rebates) to the 46 PFJ customers, all of which are meeting their job commitment and are listed in Exhibit “A”. Collectively, these organizations have agreed to retain more than 27,000 jobs in New York State in exchange for rebates. The rebate program will be in effect until May 15, 2010, the programs’ sunset.

RECOMMENDATION

It is requested that the Economic Development Power Allocation Board recommend that the Authority Trustees approve the payment of electricity savings reimbursements to the 46 business listed in Exhibit “A”.

In response to a question from Mr. McGarry as to the future of the Power for Jobs program after its May 15th expiration date, Mr. Pasquale said that both the Governor's Office and the Assembly are drafting new legislation and that it has not yet been finalized. Mr. Pasquale said Authority staff will review a copy of the Assembly draft and he will report to the Board about it at their next meeting.

The following resolution was unanimously adopted by members of the Board present.

WHEREAS, the following entities have applied for extended benefits recommendations for electricity savings reimbursements under the Power for Jobs program:

Con Edison - Service Territory

92nd Street YM-YWHA New York - New York County	IBM Corp. Armonk - Westchester County
AT&T White Plains - Westchester County	Intrepid Museum Foundation New York - New York County
Bank of New York New York - New York County	S. R. Guggenheim Museum New York - New York County
Continental Food Products, Inc. Flushing - Queens County	The Museum of Modern Art New York - New York County
Fordham University Bronx - Bronx County	Verizon New York - New York County

Long Island Power Authority - Service Territory

Ametek Hughes-Treitler Garden City - Suffolk County	Kleer-Fax Inc. Amityville - Suffolk County
Good Samaritan Hospital West Islip - Suffolk County	Maloya Laser Inc. Commack - Suffolk County

National Grid - Service Territory

Albany International Corp. Homer - Cortland County	Kilian Manufacturing Corporation Syracuse - Onondaga County
Albany Molecular Research, Inc. Albany - Albany County	Lewis County General Hospital Lowville - Lewis County
AMRI – Rensselaer Rensselaer - Rensselaer County	McLane Eastern Baldwinsville - Onondaga County
Applied Energy Solutions Caledonia - Livingston County	Mohawk Paper Mills Cohoes - Albany County

Atofina Chemicals, Inc.
Geneseo - Livingston County

Paul Bunyan Products, Inc.
Preble - Cortland County

Bank of New York
Oriskany - Oneida County

Quad Graphics, Inc.
Saratoga Springs - Saratoga County

Bestway Enterprises
Cortland - Cortland County

Queensboro Farm Products, Inc.
Canastota - Madison County

Borg-Warner Morse Tek Corp.
Cortland - Cortland County

Robison & Smith, Inc.
Gloversville - Fulton County

Bristol-Myers Squibb Company
East Syracuse - Onondaga County

Snyder Industries, Inc.
N. Tonawanda - Niagara County

Cooper Industries
Syracuse - Onondaga County

Syracuse Label Co., Inc.
Liverpool - Onondaga County

Cortland Line Co., Inc.
Cortland - Cortland County

Vicks Lithograph & Printing
Yorkville - Oneida County

G L & V Sandy Hill Inc.
Hudson Falls - Washington County

Welch Allyn Data Collection Inc.
Skaneateles Falls - Onondaga County

HMI Metal Powders
Clayville - Oneida County

New York State Electric & Gas

Audio Sears
Stamford - Delaware County

Soucy USA
Champlain - Clinton County

Borg-Warner Automotive Morse TEC
Ithaca - Tompkins County

Vail Ballou Press, Inc.
Binghamton - Broome County

Corning, Inc.
Big Flats - Chemung County

Rochester Gas & Electric

Gorbel Corp.
Fishers - Ontario County

XLI Corporation
Rochester - Monroe County

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such applications meet the requirements of the extended benefits provisions of the Power for Jobs legislation contained in Article 6 of the Economic Development Law as amended by Chapter 217 of the Laws of 2009; and be it further

RESOLVED, That the Board recommends to the Power Authority of the State of New York the 46 applications for extended benefits recommendations for electricity savings reimbursements discussed herein totaling 52,804kW for the period through May 15, 2010.

**Economic Development Power Allocation Board
Power for Jobs - Extended Benefits
Recommendation for Electricity Savings Reimbursements - Companies in Job Compliance**

Line	Company	City	County	IOU	KW	Job Committed	Jobs in Application	Over (under)	% Over (under)	Compliance	Recommended Allocation (KW)	Jobs/MW	Type	Service
1	92nd Street YM-YWHA	New York	New York	Con Ed	200	855	836	-19	-2%	Yes	200	4,180	NFP	Community/cultural center
2	AT&T	White Plains	Westchester	Con Ed	560	610	530	-80	-13%	Yes *	560	946	Large	Telecommunications
3	Bank of New York - NYC	New York	New York	Con Ed	4,700	6,813	6,299	-514	-8%	Yes	4,700	1,340	Large	Banking Services
4	Continental Food Products, Inc.	Flushing	Queens	Con Ed	300	59	55	-4	-7%	Yes	300	183	Small	Frozen Pizza manufacturer and distributor
5	Fordham University	Bronx	Bronx	Con Ed	400	50	992	942	1884%	Yes	400	2,480	NFP	Independent liberal arts college
6	IBM - Westchester	Armonk	Westchester	Con Ed	3,870	2,115	1,998	-117	-6%	Yes	3,870	516	Large	Information technology products & services
7	Intrepid Museum Foundation	New York	New York	Con Ed	450	88	65	-23	-26%	Yes *	450	144	NFP	Museum
8	S. R. Guggenheim Museum	New York	New York	Con Ed	475	418	298	-120	-29%	Yes *	475	627	NFP	Museum
9	The Museum of Modern Art	New York	New York	Con Ed	1,000	766	796	30	4%	Yes	1,000	796	NFP	Museum
10	Verizon	New York	New York	Con Ed	5,000	2,061	2,061	0	0%	Yes	5,000	412	Large	Local and wireless phone service provider
	Total Con Ed		Subtotal	10	16,955	13,835	13,930				16,955			
11	Ametek Hughes-Treitler	Garden City	Suffolk	LIPA	500	172	164	-8	-5%	Yes	500	328	Large	Heat exchangers
12	Good Samaritan Hospital	West Islip	Suffolk	LIPA	800	3,137	3,071	-66	-2%	Yes	800	3,839	NFP	Healthcare Center
13	Kleer-Fax Inc.	Amityville	Suffolk	LIPA	200	130	105	-25	-19%	Yes *	200	525	Small	Paper and plastic products
14	Maloya Laser Inc.	Commack	Suffolk	LIPA	75	27	23	-4	-15%	Yes *	75	307	Small	Metal cutting and shaping
	Total LIPA		Subtotal	4	1,575	3,466	3,363				1,575			
15	Albany International Corp.	Homer	Cortland	Grid	1,000	106	101	-5	-5%	Yes	1,000	101	Large	Clothing & engineered textiles
16	Albany Molecular Research, Inc.	Albany	Albany	Grid	600	404	398	-6	-1%	Yes	600	663	Large	Pharmaceutical research & manufacturing
17	AMRI - Rensselaer	Rensselaer	Rensselaer	Grid	1,000	253	267	14	6%	Yes	1,000	267	Large	Active pharmaceutical ingredients
18	Applied Energy Solutions	Caledonia	Livingston	Grid	300	62	48	-14	-23%	Yes *	300	160	Small	Electronics
19	Atofina Chemicals, Inc.	Geneseo	Livingston	Grid	850	95	95	0	0%	Yes	850	112	Large	Chemical manufacturing plant
20	Bank of New York - Oriskany	Oriskany	Oneida	Grid	500	801	796	-5	-1%	Yes	500	1,592	Large	Banking Services
21	Bestway Enterprises	Cortland	Cortland	Grid	75	71	60	-11	-15%	Yes *	75	800	Small	Lumber Products
22	Borg Warner Morse Tech Corp	Cortland	Cortland	Grid	1,500	209	115	-94	-45%	Yes *	1,500	77	Large	Manufacturer of Auto Components
23	Bristol-Myers Squibb Company	East Syracuse	Onondaga	Grid	5,000	1,052	987	-65	-6%	Yes	5,000	197	Large	Manufacturer of bulk antibiotics
24	Cooper Industries	Syracuse	Onondaga	Grid	2,350	678	626	-52	-8%	Yes	2,350	266	Small	Manufacturing of electrical equipment
25	Cortland Line Co., Inc.	Cortland	Cortland	Grid	450	83	60	-23	-28%	Yes *	450	133	Large	Fishing line & braided materials
26	G L & V Sandy Hill Inc.	Hudson Falls	Washington	Grid	750	99	85	-14	-14%	Yes *	750	113	Large	Foundry & machine shop
27	HMI Metal Powders	Clayville	Oneida	Grid	500	111	109	-2	-2%	Yes	500	218	Large	Manufactures specialty industrial powders
28	Kilian Manufacturing Corporation	Syracuse	Onondaga	Grid	400	144	123	-21	-15%	Yes *	400	308	Large	Ball bearings
29	Lewis County General Hospital	Lowville	Lewis	Grid	200	418	458	40	10%	Yes	200	2,290	NFP	Medical Center
30	McLane Eastern	Baldwinsville	Onondaga	Grid	800	801	650	-151	-19%	Yes *	800	813	Large	Wholesale grocery distributor

31	Mohawk Paper Mills	Cohoes	Albany	Grid	2,250	415	393	-22	-5%	Yes	2,250	175	Large	Manufacturer of text and cover papers
32	Paul Bunyan Products, Inc.	Preble	Cortland	Grid	150	24	23	-1	-4%	Yes	150	153	Small	Lumber components and pallets
33	Quad Graphics, Inc.	Saratoga Springs	Saratoga	Grid	4,000	989	1,005	-16	-2%	Yes	4,000	251	Large	Printing services for media
34	Queensboro Farm Products, Inc.	Canastota	Madison	Grid	500	80	80	0	0%	Yes	500	160	Large	Milk manufacturing and processing plant
35	Robison & Smith, Inc.	Gloversville	Fulton	Grid	384	205	121	-84	-41%	Yes *	384	315	Small	Linen & Laundry Supply
36	Snyder Industries, Inc.	N. Tonawanda	Niagara	Grid	350	100	104	4	4%	Yes	350	297	Small	Machinery
37	Syracuse Label Co., Inc.	Liverpool	Onondaga	Grid	200	88	85	-3	-3%	Yes	200	425	Small	Printing labels for consumers & industrials
38	Vicks Lithograph & Printing	Yorkville	Oneida	Grid	750	112	100	-12	-11%	Yes	750	133	Large	Book printer & distribution
39	Welch Allyn Data Collection Inc.	Skaneateles Falls	Onondaga	Grid	2,000	1,301	1,221	-80	-6%	Yes	2,000	611	Large	Medical and dental diagnostic equipment
Total National Grid			Subtotal	25	26,859	8,701	8,110				26,859			
40	Audio Sears	Stamford	Delaware	NYSEG	190	81	79	-2	-2%	Yes	190	416	Small	Makes audio equipment
41	Borg Warner Automotive Morse TEC	Ithaca	Tompkins	NYSEG	4,000	1,265	814	-451	-36%	Yes *	4,000	204	Large	Manufacture of automotive components
42	Corning, Inc.- (Big Flats)	Big Flats	Chemung	NYSEG	500	142	128	-14	-10%	Yes	500	256	Large	Optical fiber, glass and ceramic products
43	Soucy USA	Champlain	Clinton	NYSEG	400	182	107	-75	-41%	Yes *	400	268	Large	Storage & Warehouse facility
44	Vail Ballou Press, Inc.	Binghamton	Broome	NYSEG	1,800	399	321	-78	-20%	Yes *	1,800	178	Large	Book printer and distributor
Total NYSEG			Subtotal	5	6,890	2,069	1,449				6,890			
45	Gorbel Corp.	Fishers	Ontario	RG&E	350	154	152	-2	-1%	Yes	350	434	Small	Lifts, overhead workstations & cranes
46	XLI Corporation	Rochester	Monroe	RG&E	175	75	70	-5	-7%	Yes	175	400	Small	Precision machine components
Total RG&E			Subtotal	2	525	229	222				525			

Total	46	52,804	28,300	27,074
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52,804

* Company had all or part of their allocation restored through the reconsideration process, or will not have this month's rebate benefits reduced based on program policy.

3. Use of Net Revenues Produced by Sale of Expansion Power as Industrial Incentive Awards

SUMMARY

The Members of the Economic Development Power Allocation Board (“EDPAB”) are requested to approve an extension of the Economic Development Plan that will provide for the use of net revenues from the sale of Expansion Power (calendar years 2010-2029) for economic development assistance to support the Canal Side Development Project, and to authorize an Industrial Incentive Award (“IIA”) to the Erie Canal Harbor Development Corporation (“ECHDC”) to enable ECHDC to secure the necessary funding for the Canal Side Development Project. In addition, EDPAB is asked to recommend that the Power Authority’s Trustees (“Trustees”) approve Industrial Incentive Awards to four (4) manufacturing companies as listed in Attachment “A”.

BACKGROUND

ECHDC, a subsidiary of the Empire State Development Corporation/Urban Development Corporation (“ESDC”), was created in 2005 to develop the City of Buffalo’s harbor waterfront. It is sponsoring a major economic development project known as the Canal Side Development Project (“Canal Project”).

The Canal Project has been described as a “public/private investment consisting of 1,075,000 square feet of retail, cultural, residential, and office space on 23 development parcels within approximately 20 acres of land in downtown Buffalo.” The Canal Project is intended to revitalize Buffalo’s inner harbor, and restore the area’s waterfront vitality through a combination of residential, commercial, open space and cultural elements. According to ECHDC, when fully complete, the Canal Project has the potential to generate approximately 1,000 new jobs, almost \$9.5 million in annual sales-tax revenues and \$1.2 million in new yearly property taxes for the City of Buffalo. ECHDC states that over the course of 20 years, the Canal Project will generate approximately \$189 million in sales tax revenue.

Authority staff has been in discussions with ECHDC to explore additional sources of financial support for the Canal Project. Staff has identified two possible sources of financial support for the Canal Project: (1) a modification of the Authority’s payment schedule under the Settlement Agreement; and (2) an IIA from net revenues from the sale of Expansion Power.

Under the present terms of the Settlement Agreement, the Authority is providing ECHDC with \$3.5 million per year for the 50-year term of the Niagara Project license to support economic development and revitalization within the vicinity of the Buffalo waterfront. To date, two of the payments have been made, leaving 48 annual payments remaining, representing a present value of approximately \$56 million.

Regarding IIAs, under Public Authorities Law (“PAL”) §1005 (eighth unnumbered paragraph) and Economic Development Law §188, the Authority is directed, no less than annually, to identify net revenues and submit, for Economic Development Power Allocation Board (“EDPAB”) approval, an Economic Development Plan (“Plan”) for the use of such revenues as IIAs. Net revenues are defined by PAL §1005 as any excess of revenues properly allocated to sales of Expansion Power over the costs and expenses properly allocated to such sales.

At its meeting of May 18, 2009, EDPAB approved a modified Plan. Under this modified Plan, IIAs were made available to companies in New York State that are at identifiable risk of closure or relocation to another state. EDPAB also extended the Plan until 2010 and approved IIAs to three companies for up to three years. The annual amount of these three awards was \$3.9 million. At its meeting of October 26, 2009, EDPAB extended the Plan to cover the period 2010 through 2016. At the same meeting, EDPAB approved a provisional IIA to Computer Associates for the period May 2010 through May 2016 and an extension of Computer Associates’ Economic Development Power allocation to December 31, 2016.

DISCUSSION

ESDC has pledged monies to finance the planned Canal Project, which is estimated to cost approximately \$300 million. ECHDC needs an additional \$105 million (present-value amount) to support the Canal Project. According to ECHDC, the \$105 million need may be met by securing a payment stream of \$8.4 million annually over 20 years. By securitizing (i.e., borrowing against) this payment stream, ECHDC has indicated that it can obtain the remaining \$105 million in funding necessary for the Canal Project.

Authority staff has been in discussions with ECHDC to explore additional sources of financial support for the Canal Project. The Authority can provide the required \$8.4 million payment stream to enable ECHDC to satisfy its stated funding need. The payment stream would consist of the following two components.

The first component would derive from a revision to the Authority's scheduled payments to ECHDC provided under its Settlement Agreement. In summary, the Authority would convert the \$3.5 million payment stream for the remaining 48 years to an equivalent (in present-value terms) payment stream of \$4.7 million per year over a period of 20 years.

The second component would consist of an IIA to ECHDC in the amount of \$3.7 million per year for 20 years (2010-2029) from Expansion Power net revenues pursuant to of PAL §1005 (eighth unnumbered paragraph). This provision authorizes the Authority to make available net revenues earned from the sale of Expansion Power for "industrial incentive awards ... in conformance with an economic development plan covering all such net revenues." As discussed above, this component requires an amendment to the current Economic Development Plan to extend the term of the Plan and authorize the use of net revenues for the award to ECHDC. This amendment would add to the list of permissible uses of IIAs previously approved by EDPAB and the Authority.

EDPAB is being asked to approve a revised Economic Development Plan that will provide for the use of net revenues from the sale of Expansion Power (calendar years 2010-2029) for economic development assistance to support the Canal Side Development Project, as well as to recommend the Trustees authorize an IIA to ECHDC, as described above.

In addition, it is requested that EDPAB recommend that the Authority's Board authorize the use of Industrial Incentive Awards to four manufacturers described below. The condition of the current economy is placing added strain on many New York State manufacturing companies. Among these companies are the following:

1. Buckingham Manufacturing Company, Inc. - Binghamton, New York (Broome County)
2. GE Aviation Systems LLC - Bohemia, New York (Suffolk County)
3. New Horizon Graphic, Inc - Hauppauge, New York (Suffolk County)
4. Owl Wire and Cable, Inc.
 - a. Canastota, New York (Madison County)
 - b. Rome, New York (Oneida County)

These companies are all experiencing added cost pressure as a result of the economic downturn. At their respective facilities, manufacturing processes represent a substantial portion of total electricity consumption. Energy costs are a primary consideration for these companies in terms of keeping their businesses within New York State or relocating elsewhere.

Each of these companies is currently facing difficult economic challenges. Buckingham Manufacturing Company, Inc. has experienced markedly declined demand and is considering relocation to a state offering substantial manufacturer incentives. In the case of GE Aviation Systems LLC, global consolidation had recently put their Bohemia facility at risk of closure. New Horizon Graphic, Inc., which has been in business for twenty-five years, is currently considering either relocation or outright closure. In addition, Owl Wire and Cable, Inc. is facing potential relocation of their Canastota and Rome operations to the State of South Carolina.

It is requested that EDPAB recommend that the Authority's Board authorize the use of Industrial Incentive Awards to the aforementioned manufacturers. This request comes after careful consideration of each company's business case. The form of the award will be a ¢/kWh price discount applied to a level of annual electric

consumption, mutually agreed to by the Authority and each respective organization as described in Attachment A. These award disbursements are predicated on the availability of EP net revenue funding for such Industrial Incentive Awards and are issued at the Authority's sole discretion.

These Industrial Incentive Awards will remain in effect for a one year period. The terms may be subsequently extended beyond the initial one year period based on the availability of additional Authority funding and provided that each company met the agreed upon job commitment as specified in Attachment "A".

In the event that any of these companies qualify and participate in a future, yet to be determined, statewide power program that offers similar or greater value than the proposed Industrial Incentive Award, their Industrial Incentive Award would ultimately be terminated.

It is therefore requested that EDPAB recommend that the Trustees approve Industrial Incentive Awards to Buckingham Manufacturing Company, Inc., GE Aviation Systems LLC, New Horizon Graphic, Inc., and Owl Wire and Cable, Inc. The Authority will report to EDPAB annually on the actual disbursement of these funds.

RECOMMENDATION

It is recommended that EDPAB approve the amendment to the Economic Development Plan for Industrial Incentive Awards to provide for the use of net revenues from the sale of Expansion Power (calendar years 2010-2029) for economic development assistance to support the Canal Side Development Project as discussed above.

It is also recommended that an Industrial Incentive Award to the Erie County Harbor Development Corporation in the amount of \$3.7 million per year for 20 years (2010-2029) be authorized by the Trustees. The Industrial Incentive Award would be provided for the sole purpose of enabling the Erie County Harbor Development Corporation to secure the necessary funding for the Canal Side Development Project.

It is recommended that EDPAB authorizes the Trustees to approve Industrial Incentive Awards to Buckingham Manufacturing Company, Inc., GE Aviation Systems LLC, New Horizon Graphic, Inc., and Owl Wire and Cable, Inc. The terms of each award and the maximum annual payments are specified in Attachment "A".

Mr. Pasquale advised the Board that he will not be asking them to consider the incentive award to the Erie Canal Harbor Corporation for the Canal Side Development Project at this time. The Board is being asked, however, to consider the award to the four manufacturing companies. In response to a question from Trustee Nicandri, Mr. Pasquale said that if the Legislature adopts a different incentive power program, these customers will be required to apply for the new program and may not need an incentive award.

The following resolution was unanimously adopted by members of the Board present.

WHEREAS, section 10005 of the Public Authorities Law authorizes the Power Authority of the State of New York to identify an amount of net revenues produced by the sale of Expansion Power which shall be used for Industrial Incentive Awards; and

WHEREAS, such Industrial Incentive Awards must be made in conformance with an Economic Development Plan submitted by the Authority and approved by the Board pursuant to Section 188 of the Economic Development Law; and

WHEREAS, the Board on December 1, 1988, endorsed the use, to the extent necessary, of available industrial incentive awards for the purpose of assisting Authority efforts to limit future rate increases for Fitzpatrick Power Program customers; and

WHEREAS, The Board on December 1, 1988, recommended that any Economic Development Plan submitted by the Authority in the future be approved to the extent it provides for such use of an Industrial Incentive Award; and

WHEREAS, The Authority has approved an Economic Development Plan through calendar year 2016 that provides for the use of net revenues from the sale of Expansion Power to support Industrial Incentive Awards and further, has authorized the submission of such Plan to the Board for its approval; and

WHEREAS, The Board has determined that an Economic Development Plan through calendar year 2016 which was submitted by the Authority and its implementation is consistent with the criteria and requirements provided for in Sections 184 and 185 of the New York Economic Development Law and in Part 370 of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York;

NOW THEREFORE BE IT RESOLVED, That the Board hereby determines that the Canal Side Development Project's Economic Development Plan for the years 2010 through 2029 which is submitted by the Authority and its implementation is consistent with the criteria and requirements provided for in Sections 184 and 185 of the New York Economic Development Law and in Part 370 of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York; and be it further

RESOLVED, That the Board hereby approves the Plan providing for the use of net revenues from the sale of Expansion Power for an Industrial Incentive Award to the Erie Canal Harbor Development Corporation in the amount of \$3.7 million per year for 20 years (2010-2029) in support of the Canal Side Development Project on the terms and conditions and for the purposes set forth in the attached memorandum; and be it further

RESOLVED, That the Board hereby recommends the use of net revenues from the sale of Expansion Power for Industrial Incentive Awards in the form of ¢/kWh electric discounts for four qualifying industrial customers in New York State, in accordance with the attached memorandum.

Industrial Incentive Awards (IIA)

Buckingham Manufacturing Company, Inc.

- Binghamton (Broome County) – 196 jobs
- NYSEG service area; typical usage of 700,000 kWh per year
- Discount (¢/kWh) against NYSEG/ESCO rate
- IIA of up to 2 ¢/kWh variable, with max award of \$15,000 / year
- 1 year initial term
- Flexible to allow Buckingham Manufacturing Company to participate in any new NYPA power program

GE Aviation Systems LLC

- Bohemia (Suffolk County) – 255 jobs
- LIPA service area; typical usage of 5,000,000 kWh per year
- Discount (¢/kWh) against LIPA rate
- IIA of up to 4.4 ¢/kWh variable, with max award of \$200,000 /year
- 1 year initial term
- Flexible to allow GE Aviation Systems to participate in any new NYPA power program

New Horizon Graphic, Inc.

- Hauppauge (Suffolk County) – 30 jobs
- LIPA service area; typical usage of 600,000 kWh per year
- Discount (¢/kWh) against LIPA rate
- IIA of up to 3 ¢/kWh variable, with max award of \$20,000 /year
- 1 year initial term
- Flexible to allow New Horizon Graphic, Inc. to participate in any new NYPA power program

Owl Wire and Cable, Inc.

- Canastota (Madison County) and Rome (Oneida County) – 200 jobs
- National Grid service area; typical usage of 23,000,000 kWh per year
- Discount (¢/kWh) against National Grid rate
- IIA of up to 3 ¢/kWh variable, with max award of \$700,000 /year
- 1 year initial term
- Flexible to allow Owl Wire and Cable, Inc. to participate in any new NYPA power program

Total recommended Industrial Incentive Award maximum = \$935,000

4. **Next Meeting**

The next meeting of the Board is to be determined.

The Chairman informed the members that there is the possibility of a special Board meeting to consider the Erie Canal Development Corporation project. A notice will be sent out to this effect as soon as a decision to call the meeting is made.