



Date: May 23, 2016

To: Economic Development Power Allocation Board

From: Senior Vice President Economic Development & Energy Efficiency

Subject: Transfer of Recharge New York Power Allocations

SUMMARY

The Economic Development Power Allocation Board (“EDPAB” or “Board”) is requested to approve:

1. transfer of a 375 kilowatt (“kW”) Recharge New York (“RNY”) Hydropower allocation from a facility of The Specialized Packaging Group, Inc. (“SPG”) located at 8800 Sixty Road, Baldwinsville, NY to SPG’s facility at 2900 McLane Drive, Baldwinsville, NY, in connection with the transfer of SPG’s operations from the Sixty Road facility to the McLane Drive facility, and an adjustment to the term of this allocation as described below;
2. transfer of a 1,430 kW blended RNY Power allocation from Yeshiva University (“Yeshiva”) to Albert Einstein College of Medicine, Inc. (“AECOM”), in connection with AECOM’s assumption of operational responsibility for a hospital facility at which the allocation may be used; and
3. transfer of a 308 kW RNY Hydropower allocation from Val Tech Holdings, Inc. (“Val Tech”) to ENNOVEA, LLC (“ENNOVEA”), in connection with the sale of the business.

DISCUSSION

1) SPG Transfer and Allocation Term Adjustment

SPG operates two facilities, one at 8800 Sixty Road in Baldwinsville, NY and another at 2900 McLane Drive in Baldwinsville.

SPG purchases a 375 kW RNY Hydropower allocation from the Authority for use at its 8800 Sixty Road facility, and a 300 kW RNY Hydropower allocation for use at its 2900 McLane Drive facility. SPG is consolidating operations at its 2900 McLane Drive facility in order to improve production and business efficiencies, and has requested the 375 kW RNY Hydropower allocation be transferred to the 2900 McLane Drive facility. SPG has indicated that it will agree to meet its job and capital investment commitments associated with the 375 kW RNY Hydropower allocation through employment and investment at the 2900 McLane Drive facility.

If the transfer is approved, SPG and the Authority would enter into a new contract for the 2900 McLane Drive facility. The new contract would incorporate both the 300 kW and the 375 kW RNY Hydropower allocations and the respective job and capital investment commitments applicable to these allocations, in addition to the standard terms and conditions for RNY Power contracts.

In addition to approval of the transfer itself, the parties also seek to extend the term of the 375 kW RNY Hydropower allocation. The term of that allocation is seven years from July 1, 2012 (the date electric at the service was commenced at the 8800 Sixty Road facility), whereas the term of the 300 kW RNY Hydropower allocation is seven years from January 1, 2013 (the date electric service was commenced at 2900 McLane Drive facility). Having allocations with different terms at the same facility can complicate compliance and administration matters. Therefore, the parties are also requesting a minor modification of term of the 375 kW RNY Hydropower allocation to make it coterminous with the term of the 300 kW RNY Hydropower allocation so that both allocations run for a term of seven years beginning from January 1, 2013.

2) Yeshiva University

Yeshiva and the Authority are parties to a power sale agreement pursuant to which Yeshiva purchases 1,430 kW of RNY Power (the "1,430 kW RNY Allocation") from the Authority for use at facilities previously known as Albert Einstein College of Medicine, located at 1300 Morris Park Avenue, Bronx, New York (the "College Facility").

Yeshiva and AECOM have indicated that as provided for in two contracts entitled "Joint Collaboration Agreement" and "Transition and Master Services Agreement" executed on or about September 9, 2015, AECOM has assumed operational responsibility for the College Facility. Yeshiva and AECOM have requested that the 1,430 kW RNY Allocation be transferred to AECOM, and that the Authority consent to an assignment of the power sale agreement by Yeshiva to AECOM.

Yeshiva and AECOM have advised the Authority that operations at the College Facility would be adversely impacted by the loss of the 1,430 kW RNY Allocation. As consideration for a transfer of the 1,430 kW RNY Allocation, AECOM would agree to assume Yeshiva's obligations under the power sale contract and honor Yeshiva's supplemental obligations regarding job and capital investment commitments.

3) Val Tech Holdings, Inc.

Val Tech is a custom injection molder of thermoplastic materials with facilities located at 1667 Emerson Street, Rochester, NY ("Rochester Facility"). Val Tech is a party to a power sale agreement with the Authority pursuant to which it purchases 308 kW of RNY Hydropower to support its operations at the Rochester Facility.

In connection with an Asset Purchase Agreement between Val Tech, ENNOVEA, LLC ("ENNOVEA") and other parties, Val Tech has agreed to sell the Rochester Facility to ENNOVEA which ENNOVEA will operate. ENNOVEA and Val Tech have advised NYPA that the operations at the Rochester Facility would be adversely impacted by the loss of the RNY Hydropower allocation, and therefore the parties have requested a transfer of the 308 kW RNY Hydropower allocation to ENNOVEA. ENNOVEA has represented that it is prepared to assume Val Tech's obligations under Val Tech's RNY Power contract.

RECOMMENDATION

Staff recommends that the Board approve each of the transfer requests discussed above, and further approve the requested adjustment to the term of SPG's 375 kW RNY Hydropower allocation, subject to the following conditions: (1) approval of the transfers by the Authority Trustees; (2) there be no material reduction in the base employment levels and capital investment commitments associated with the transferred allocations; and (3) the transfers are

addressed in contract documents containing such terms and conditions determined by the Authority to be appropriate to effectuate each transfer.

RESOLUTION

RESOLVED, That the Economic Development Power Allocation Board (“Board”) approves (i) the transfer of the 375 kilowatt (“kW”) allocation of Recharge New York (“RNY”) Hydropower from The Specialized Packaging Group, Inc.’s facility at 8800 Sixty Road, Baldwinsville, New York to its facility at 2900 McLane Drive, Baldwinsville, New York, as described in the attached memorandum of the Senior Vice President – Economic Development & Energy Efficiency (the “Attached Memorandum”), and (ii) the modification and extension of the term of such 375 kW RNY Hydropower allocation to run for a term of seven years beginning from January 1, 2013, and be it further

RESOLVED, That the Board approves the transfer of the 1,430 kW RNY Power allocation from Yeshiva University to Albert Einstein College of Medicine, Inc., as described in the Attached Memorandum; and be it further

RESOLVED, That the Board approves the transfer of the 308 kW RNY Hydropower allocation from Val Tech Holdings, Inc. to ENNOVEA, LLC, as described in the Attached Memorandum; and be it further

RESOLVED, That foregoing approvals by the Board are each subject to the following conditions: (1) approval by the Trustees of the Power Authority of the State of New York (“Authority”); (2) there be no material reduction in the base employment levels and capital investment commitments associated with the RNY Power allocations; and (3) the transfers are addressed in contract documents containing such terms and conditions determined by the Authority to be appropriate to effectuate each transfer.