

May 21, 2013

**MEMORANDUM TO THE TRUSTEES**

**FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER**

**SUBJECT: Awards of Fund Benefits from the Western New York Economic Development Fund Recommended by the Western New York Power Proceeds Allocation Board**

**SUMMARY**

The Trustees are requested to accept the recommendations of the Western New York Power Proceeds Allocation Board (“WNYPPAB”) and approve the award of Fund Benefits from the Western New York Economic Development Fund to the eligible applicants listed in Exhibit “A,” and authorize the other actions described herein with respect to such applicants and awards.

For informational purposes, Exhibit “B” lists (1) projects and applicants the WNYPPAB has determined are ineligible for Fund Benefits, (2) projects the WNYPPAB has determined are not being recommended for an award of Fund Benefits, (3) applications for Fund Benefits that have been withdrawn, and (4) applications that were deemed to be incomplete. No action by the Trustees is required on any of these matters.

**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. 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 the 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 will be 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.

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 future funds that have been received but not deposited in the Fund.

## 2. Western New York Power Proceeds Allocation Board

Under the Act, the WNYPPAB is charged with soliciting applications for Fund Benefits, reviewing applications, making eligibility determinations, and evaluating the merits of applications for Fund Benefits. WNYPPAB uses the criteria applicable to EP, RP and PP, and for revitalization of industry as provided in Public Authorities Law §1005. Additionally, WNYPPAB 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. A copy of these criteria (collectively, “Program Criteria”), adapted from WNYPPAB’s “Procedures for the Review of Applications for Fund Benefits,” is attached as Exhibit “C.”

The WNYPPAB met on March 4, 2013 and, in accordance with the Act, adopted by-laws, operating procedures, guidelines related to the application, and a form of application. At that time, WNYPPAB 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.

WNYPPAB also designated the Western New York Regional Director of Empire State Development Corporation (“ESD”) to be its designee (“Designee”) to act on its behalf on all administrative matters. Among other things, the Designee was authorized to preform analyses of

the applications for Fund Benefits and make recommendations to WNYPPAB on the applications.

### 3. Application Process

In an effort to provide for the efficient review of applications and disbursement of Fund Benefits, the WNYPPAB established a series of application due dates coupled with a schedule of dates through the end of 2013 on which the WNYPPAB would meet to consider applications. In addition, the application process was promoted through a media release and with assistance from state and local entities, including the Western New York and Finger Lakes Regional Economic Development Councils, the Empire State Development Corporation and other local and regional economic development organizations within the State. A webpage was created that is hosted on WWW.NYPA.GOV/WNYPPAB with application instructions, a link to the approved application form and other program details including a contact phone number and email address staffed by the Western New York Empire State Development regional office.

As of April 8, 2013, the first application due date, the WNYPPAB had received 18 applications seeking over \$27 million in Fund Benefits. WNYPPAB's staff analyzed the applications and made recommendations to WNYPPAB concerning each of the applications based on eligibility requirements and Program Criteria. Copies of the recommendations from WNYPPAB staff to the WNYPPAB can be found in "Exhibit "D."

At its May 13, 2013 meeting, the WNYPPAB took the following actions on applications for Fund Benefits:

#### 1. Recommendations for Awards of Fund Benefits

The WNYPPAB is recommending to the Trustees that the three applications listed on Exhibit "A," each receive an award of Fund Benefits in the amount indicated. The applicants have indicated that the proposed projects would create or retain 152 jobs in Western New York. The total to be expended on the proposed projects is expected to exceed \$15 million. These are the recommendations that are presently before the Trustees for consideration.

#### 2. Other Determinations

For your information, Exhibit "B" lists those applications for which the WNYPPAB has determined will not receive a recommendation for Fund Benefits. These applications fall into four categories: (1) applications that WNYPPAB has determined will not receive a recommendation of Fund Benefits based on the application of Program Criteria; (2) applications that WNYPPAB has determined propose a project that is not an eligible project because it is a retail business as defined by WNYPPAB; (3) applications submitted by an applicant whom the WNYPPAB has determined is not an eligible applicant; and (4) applications that have been withdrawn. This information is being provided to the Trustees for their information only. No action by the Trustees is required with respect to these matters.

## DISCUSSION

Under the Act, a recommendation for Fund Benefits by WNYPPAB is a prerequisite to an award of Fund Benefits by the Authority, and the Act authorizes the Authority to award Fund Benefits to an applicant upon a recommendation of the WNYPPAB. Upon a showing of good cause, the Authority has discretion as to whether to adopt the WNYPPAB's recommendation, or to award benefits in a different amount or on different terms and conditions than proposed by the WNYPPAB. In addition, the Authority is authorized to include within the contract covering an award ("Award Contract") such other terms and conditions the Authority deems appropriate.

Given the nascent stage of the proposed projects, it was not possible at this time to identify all of the terms and conditions that would be applicable to each award and memorialized in an Award Contract. With the Trustees' authorization, it is anticipated that the Authority, in consultation with ESD, will negotiate final terms and conditions with successful applicants after receipt of more detailed information concerning the projects and proposed schedules. In addition to appropriate business terms, staff anticipates that Award Contracts will contain provisions for periodic audits of the successful applicant for the purpose of determining contract and program compliance, and where appropriate, terms providing for the partial or complete recapture of Fund Benefits disbursements if the applicant fails to maintain agreed-upon commitments, relating to, among other things, employment levels and/or project element due dates.

## RECOMMENDATION

The Vice President, Marketing recommends that:

- (1) the Trustees accept the recommendations of the WNYPPAB and authorize the awards of Fund Benefits to the applicants and in the amounts listed in Exhibit "A," conditioned upon an agreement to be negotiated with each applicant on the final terms and conditions that would be applicable to each award to be contained in an Award Contract approved by the President and Chief Executive Officer and approved by the Executive Vice President and General Counsel as to form;
- (2) the Senior Vice President – Economic Development and Energy Efficiency, or his designee(s), in consultation with ESD, be authorized to negotiate with the applicants concerning such final terms and conditions; and
- (3) the Senior Vice President – Economic Development and Energy Efficiency, or his designee, be authorized to execute on behalf of the Authority Award Contracts for each of the awards listed on Exhibit "A" subject to the forgoing conditions.

For the reasons stated, I recommend the approval of the above requested action by adoption of a resolution in the form of the attached draft resolution.

Gil C. Quiniones  
President and Chief Executive Officer

Att.  
WNYPPAB - Awards

## RESOLUTION

WHEREAS, the Western New York Power Proceeds Allocation Board (“WNYPPAB”) has recommended that the Authority make awards of Fund Benefits from the Western New York Economic Development Fund (“Fund”) to the eligible applicants listed in Exhibit “A”;

NOW THEREFORE BE IT RESOLVED, That the Authority hereby accepts the recommendations of the WNYPPAB and authorizes the awards of Fund Benefits to the applicants and in the amounts listed in Exhibit “A,” conditioned upon an agreement between the Authority with each applicant on the final terms and conditions that would be applicable to each award and set forth in a written award contract (“Award Contract”) between the Authority and each applicant approved by the President and Chief Executive Officer and approved by the Executive Vice President and General Counsel as to form; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency, or his designee, in consultation with the Empire State Development Corporation, is authorized to negotiate with successful applicants concerning such final terms and conditions; and be it further

RESOLVED, That the Senior Vice President – Economic Development and Energy Efficiency, or his designee, is authorized to execute on behalf of the Authority Award Contracts for each of the awards listed on Exhibit “A” subject to the forgoing conditions; and be it further

RESOLVED, That the Chairman, the Vice Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things, take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.

**Recommended Award: Exhibit "A"**

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

**RECOMMENDED OFFER**

Recommended Total Award:	\$5,418,000
Total Project Cost:	\$7,693,513
% of Project Cost Recommended:	69%

**REGIONAL IMPACT MEASUREMENTS**

Number of Jobs Retained:	
Number of Jobs Created:	
Average Salary of Jobs:	TBD
Indirect Jobs Created	Over 1,000 (from business plan winners)
Other Impact	1,000 business plan applicants in first year exposed to the Buffalo Niagara region

**PROJECT DESCRIPTION**

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

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

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

**Western New York Economic Development Fund  
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<b>OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT</b>	
<b>SOURCE</b>	<b>AMOUNT</b>
N/A	N/A
<b>PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED</b>	
<b>SOURCE</b>	<b>AMOUNT</b>
ESD	\$90,000
<b>BASIS FOR RECOMMENDATION</b>	
<p>This proposal has the potential to significantly change the entrepreneurial development environment in the Buffalo Niagara Region, enhance the Region’s image as a place where start-ups can succeed and directly assist 100’s of start-ups that can create upwards of 1,000 jobs. The Buffalo Niagara Region has long lacked meaningful support for entrepreneurs, including early stage financing, business development advisory services and other incubation support. At the same time, the Region has heavily invested in research while seeing little of that research translate into viable commercial enterprises in the Region. There are numerous examples of early stage technology companies that started in Buffalo Niagara, ultimately leaving the region to grow elsewhere where they could secure financing and management talent. The Launch NY organization and business plan project can significantly change that by offering incubation, management talent and advisement and early stage financing to new start-ups. In addition, because the business plan competition will be widely publicized, it is a great opportunity to promote the Region as one, open to and seeking entrepreneurs. The winners of the business plan competition are targeted on the key industries identified in the regional council plan (energy, agriculture, advanced manufacturing, health/life sciences, logistics, and financial services). It will also bring many visitors to the area and expose them to the wonderful attributes in the region as it attracts entrepreneurs to participate in the business plan competition from outside NYS, including Canada.</p>	

**Applicants Deemed Ineligible**

Line	Business	City	County	Economic Development Region	Business Description	Classification
1	Market Arcade Film and Arts Centre	Buffalo	Erie	Western NY	Cinematic Screenings, Live Theater, Arts Center	Retail <sup>1</sup>

**Projects Deemed Ineligible**

Line	Business	City	County	Economic Development Region	Business Description	Classification
2	Niagara Falls Memorial Medical Center	Niagara Falls	Niagara	Western NY	Onsite health care services and eldercare living	Retail <sup>1</sup>

**Applicants Not Recommended for an Award**

Line	Business	City	County	Economic Development Region	Business Description	Project Type
3	NBT Solutions, LLC	Buffalo	Erie	Western NY	Software developer	Business Investment
4	Roycroft Campus Corporation	Village of East Aurora	Erie	Western NY	Historic preservation, arts education, and cultural tourism	Tourism/Marketing
5	Twin Cities Community Outreach, Inc.	Tonawanda	Niagara	Western NY	Non-Profit organization housing NT Meals On Wheels, the Food Pantry, and the Clothes Closet	Other
6	Zoological Society of Buffalo, Inc.	Buffalo	Erie	Western NY	Exhibition of exotic animals from around the world; education programs for children and adults	Infrastructure/Downtown Investment
7	Graycliff Conservancy, Inc.	Town of Derby	Erie	Western NY	Museum	Infrastructure/Downtown Investment & Tourism Marketing
8	First Choice Health in collaboration with Niagara Hospice	Niagara Falls	Niagara	Western NY	Managed long term care case management for chronically ill medicaid enrollees	Health/Life Sciences
9	Content Savvy	Snyder	Erie	Western NY	Software developer	Innovation/Entrepreneur Development

**Withdrawn Applications**

Line	Business	Classification
10	Cleveland BioLabs, Inc.	Withdrawn by applicant
11	Trek, Inc.	Withdrawn by applicant
12	Buffalo Industries	Withdrawn by applicant
13	Niagara University	Withdrawn by applicant
14	Niagara Label Company	Withdrawn by applicant

**Incomplete Applications**

Line	Business	Classification
15	McGuire Development A.K.A Compass East A.K.A 425 Michigan Avenue, LLC.	Incomplete

<sup>1</sup> 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 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"

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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.<sup>1</sup> The Western New York Regional Economic Development Council which is responsible for Eligible Projects in Erie and Niagara Counties Strategies & Priorities are:
  - Promote "Smart Growth" by investing in areas that infrastructure already exists and achieves certain goals, such as: preserving historic buildings; reviving downtowns; reviving main streets; investing in existing neighborhoods; and investing in former industrial sites. A project consistent with Smart Growth will also focus on: enhancing walkability; enhancing multiple modes of transportation; connecting disadvantaged communities to employment clusters; spurring mixed-use private investment in existing communities and preserving/enhancing natural lands and or resources.
  - Promote workforce development by increasing diversity in the labor force, developing and cultivating that includes workers with advancement potential, underemployed, unemployed and special population; align education and skills training to job market for current and future industry needs.
  - Foster entrepreneurship and new business formation and growth. Designing a plan that brings new technologies and/or products to the marketplace, increases new start ups in strategic industries and facilitates the commercialization of products that can lead to job growth in the Region.
  - Increase the industry profile of agriculture in WNY by: creating better access to markets; creating new products; creating new more efficient processes; creating strong regional brands; creating programs that promote careers in agriculture.
  - Utilize Western New York's proximity to Canadian and U.S. population centers to advance economic development in WNY. Bi-national projects will: utilize cross-border planning to create transportation and logistical infrastructure; improve operational relationships; promote the attractiveness of WNY as a hub for global trade.

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<sup>1</sup> 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.

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- 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.<sup>2</sup> The Finger Lakes Regional Economic Development Council which is responsible for Eligible Projects in Orleans and Genesee Counties Strategies & Priorities can be found at: <http://regionalcouncils.ny.gov/content/finger-lakes>.
3. The number of jobs that would be created as a result of an award of Fund Benefits.
4. The applicant’s long term commitment to the region as evidenced the current and/or planned capital investment in applicant’s facilities in the region.
5. The ratio of the number of jobs to be created to the amount of Fund Benefits requested.
6. The types of jobs that would be created, as measured by wage and benefit levels, security and stability of employment.
7. The amount of capital investment, including the type and cost of buildings, equipment and facilities, proposed to be constructed, enlarged or installed.
8. The extent to which an award of Fund Benefits would affect the overall productivity or competitiveness of the applicant and its existing employment.
9. The extent to which an award of Fund Benefits may result in a competitive disadvantage for other business in the State.

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<sup>2</sup> 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.

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.
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Applicant Name:	Launch NY	REDC Region:	Western New York
Project Type:	Innovation/Entrepreneur Development	County:	Erie & Niagara
Industry:	Several – Health/Life Sciences, high tech industries, Manufacturing, etc.	Locality:	Buffalo
Amount Requested:	\$5,418,000	Start Date:	June 2013
		Finish Date:	May 2014
<b>RECOMMENDED OFFER</b>			
Recommended Total Award:	\$5,418,000		
Total Project Cost:	\$7,693,513		
% of Project Cost Recommended:	69%		
<b>REGIONAL IMPACT MEASUREMENTS</b>			
Number of Jobs Retained:			
Number of Jobs Created:			
Average Salary of Jobs:	TBD		
Indirect Jobs Created	Over 1,000 (from business plan winners)		
Other Impact	1,000 business plan applicants in first year exposed to the Buffalo Niagara region		
<b>PROJECT DESCRIPTION</b>			
<p>Launch NY will create the most ambitious business plan competition (\$5M in awards) in the nation to attract entrepreneurs with new technology and products to locate their start up in the Buffalo Niagara Region. Launch will target life science, advanced manufacturing, high technology and MWBE participation in the plan competition. Launch will facilitate successful growth of new businesses and attraction of entrepreneurs with support of Entrepreneurs in Residence (management talent), incubation space and capital resulting in significant and sustainable job growth as well as an improved entrepreneur climate in the Region. The Business Plan Competition will be marketed broadly outside New York State to garner help in improving Buffalo Niagara’s image as a great place to start a business.</p> <p>Business Plan competitions have a proven track record for assisting new businesses, and re-igniting regions. Two examples of success:</p> <ul style="list-style-type: none"> <li>• The Rice Business Plan Competition: Starting in 2001, and billed as the “richest” with ~\$1million in prizes, the competition is aimed at students and has resulted in 199 business launched (average: half of total competitors, but rising as currently is 77%), 128 business successes (alive today or successful exit). Over \$460M in funding raised (majority in last 3 years).</li> <li>• Start2Grow, Dortmund Germany: a business plan competition that regularly attracts 700+ applicants. The business plan competition commenced in 2000, has over 600 mentors, and has been responsible for over 700 companies and almost 4,000 jobs</li> </ul>			

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<b>OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT</b>	
<b>SOURCE</b>	<b>AMOUNT</b>
N/A	N/A
<b>PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED</b>	
<b>SOURCE</b>	<b>AMOUNT</b>
ESD	\$90,000
<b>BASIS FOR RECOMMENDATION</b>	
<p>This proposal has the potential to significantly change the entrepreneurial development environment in the Buffalo Niagara Region, enhance the Region’s image as a place where start-ups can succeed and directly assist 100’s of start-ups that can create upwards of 1,000 jobs. The Buffalo Niagara Region has long lacked meaningful support for entrepreneurs, including early stage financing, business development advisory services and other incubation support. At the same time, the Region has heavily invested in research while seeing little of that research translate into viable commercial enterprises in the Region. There are numerous examples of early stage technology companies that started in Buffalo Niagara, ultimately leaving the region to grow elsewhere where they could secure financing and management talent. The Launch NY organization and business plan project can significantly change that by offering incubation, management talent and advisement and early stage financing to new start-ups. In addition, because the business plan competition will be widely publicized, it is a great opportunity to promote the Region as one, open to and seeking entrepreneurs. The winners of the business plan competition are targeted on the key industries identified in the regional council plan (energy, agriculture, advanced manufacturing, health/life sciences, logistics, and financial services). It will also bring many visitors to the area and expose them to the wonderful attributes in the region as it attracts entrepreneurs to participate in the business plan competition from outside NYS, including Canada.</p>	

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Applicant Name:	Diversified Manufacturing	REDC Region:	Western New York
Project Type:	Business Investment	County:	Niagara
Industry:	Manufacturing	Locality:	Lockport
Amount Requested:	\$950,000	Start Date:	May 2013
		Finish Date:	October 2013
<b>RECOMMENDED OFFER</b>			
Recommended Total Award:		\$500,000 maximum, depending on assistance received from ESD and applicants confirmation that they can undertake project with \$500,000 in total grant funds instead of full \$950,000 requested.	
Total Project Cost:		\$4,984,000	
% of Project Cost Recommended:		10%	
<b>REGIONAL IMPACT MEASUREMENTS</b>			
Number of Jobs Retained:		145	
Number of Jobs Created:		0	
Average Salary of Jobs:		\$ 58,275	
Indirect Jobs Created			
Other Impact			
<b>PROJECT DESCRIPTION</b>			
<p>Diversified Manufacturing, a fabrication, machining and assembly shop is consolidating its facilities in Amherst and Lockport into the Lockport location, through an expansion. The consolidation is necessary to eliminate significant fixed costs of running two separate facilities that are causing a financial strain on the company. The company has sold and is closing the Amherst facility. If the expansion of the Lockport facility does not occur, the company will sell off a portion of its operations and reduce its workforce by 46 jobs. The project consists of the construction of a 45,000 sq.ft. high bay addition to the existing 120,000 sq.ft. manufacturing plant located in Lockport. The company has secured significant debt financing and private equity for the expansion but still has a financing gap to fund the facility expansion.</p>			
<b>OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED</b>			
<b>SOURCE</b>		<b>AMOUNT</b>	
ESD		\$250,000 under consideration	
IDA		\$250,000 loan	
NYPA: Recharge NY		196kW/per month	
Other: Lockport Dev. Corporation		\$250,000 Loan	
<b>PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED</b>			
<b>SOURCE</b>		<b>AMOUNT</b>	
Power for Jobs		255kW/per month	
<b>BASIS FOR RECOMMENDATION</b>			

Without grant assistance from the state, the applicant has demonstrated that the consolidation and expansion project will not go forward, putting 46 good paying manufacturing jobs at high risk of being lost. This consolidation project will ultimately improve the financial stability and growth opportunities for this company. This project will also help secure an additional 99 jobs currently in Lockport as it will help the company become more efficient. The company pays very good wages at an average of over \$58,000.

Manufacturing continues to be a critical component of the WNY economy as the third largest employment sector. It is one of the top industry sectors identified in the Regional Council strategy with a particular emphasis on the need to help manufacturer's innovation and improve productivity to remain competitive.

If the applicant receives grant assistance, they have demonstrated their ability to move forward with the project. The applicant has successfully secured private financing, debt financing from other private and public sources and cannot take on any additional debt to support this project.

The project is consistent with smart growth principles as it will expand on an existing site that already has infrastructure, is in a Brownfield Opportunity area and a developed area.

There is a buyer in place for the applicant's current Amherst facility, making way for another local company to expand.

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Applicant Name:	Coolture	REDC Region:	Western New York
Project Type:	Business Investment	County:	Erie
Industry:	Advanced Manufacturing, Health/Life Sciences	Locality:	Buffalo
Amount Requested:	\$300,000	Start Date:	June 2013
		Finish Date:	December 2015
<b>RECOMMENDED OFFER</b>			
Recommended Total Award:	\$300,000		
Total Project Cost:	\$3,150,000		
% of Project Cost Recommended:	10 %		
<b>REGIONAL IMPACT MEASUREMENTS</b>			
Number of Jobs Retained:	5		
Number of Jobs Created:	32		
Average Salary of Jobs:	\$45,313		
Indirect Jobs Created			
Other Impact			
<b>PROJECT DESCRIPTION</b>			
<p>Coolture introduced the first athletic-styled cooling apparel designed to improve human performance during exercise, physical therapy, leisure activities, competitive sports, or whenever heat becomes a challenge; a life-changing product for those who are chronically ill and/or active and athletic. Recently Coolture has gained great momentum and the demand for our product is growing faster than the supply. We have asked for approximately 10% of our project cost to help our company ramp up production and grow our brand and our employment base at an accelerated pace. We believe this project will lead to the next great Buffalo company that will gain Global notoriety, shine a spotlight on the new Western New York entrepreneurial friendly community and provide new employment opportunities for under-represented communities.</p>			
<b>OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED</b>			
<b>SOURCE</b>		<b>AMOUNT</b>	
N/A		N/A	
<b>PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED</b>			
<b>SOURCE</b>		<b>AMOUNT</b>	
N/A		N/A	
<b>BASIS FOR RECOMMENDATION</b>			

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

Applicant Name:	Content Savvy, Inc.	REDC Region:	Western New York
Project Type:	Innovation/Entrepreneur Development	County:	Erie
Industry:	All (software to benefit all industries)	Locality:	Snyder
Amount Requested:	\$500,000	Total Project Cost:	\$3,643,000
<b>REGIONAL IMPACT MEASUREMENTS</b>			
Number of Jobs Retained:	12 (current project workforce)		
Number of Jobs Created:	5+		
Average Salary of Jobs:	Not Listed		
Indirect Jobs Created			
Other Impact			
<b>PROJECT DESCRIPTION</b>			
<p>Content Savvy offers software as a service (SaaS) solutions to organizations enabling them to leverage “big data” for real-time competitive advantage and smarter decision making. Competitive intelligence covers many mission critical business functions including reputation tracking, industry tracking, sales prospecting, trend spotting, etc. It allows companies to stay ahead of the news, ward off potential PR crises, and gather rapid research when exploring new opportunities.</p>			
<b>OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT</b>			
<b>SOURCE</b>		<b>AMOUNT</b>	
N/A		N/A	
<b>PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED</b>			
<b>SOURCE</b>		<b>AMOUNT</b>	
N/A		N/A	
<b>BASIS FOR RECOMMENDATION</b>			
<p>This company has been offered funding assistance from Innovate NY, a venture capital fund supported by State assistance, which should move the project forward.</p>			

**Western New York Economic Development Fund  
Recommendation Memo**

Applicant Name:	Graycliff Conservancy, Inc.	REDC Region:	Western New York
Project Type:	Infrastructure/Downtown Investment & Tourism Marketing	County:	Erie
Industry:	Tourism	Locality:	Derby
Amount Requested:	\$219,088	Total Project Cost:	\$219,088
<b>REGIONAL IMPACT MEASUREMENTS</b>			
Number of Jobs Retained:	0		
Number of Jobs Created:	0		
Average Salary of Jobs:	N/A		
Indirect Jobs Created	0		
Other Impact			
<b>PROJECT DESCRIPTION</b>			
Complete the restoration of the interior of the Graycliff's Estate Foster House, which will allow tours of the building; purchase of a point-of-sale system to track visitorship both for Graycliff and its tourism partners.			
<b>OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT</b>			
<b>SOURCE</b>		<b>AMOUNT</b>	
N/A		N/A	
<b>PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED</b>			
<b>SOURCE</b>		<b>AMOUNT</b>	
NYS EPF		\$149,782	
NYS EPF		\$125,000	
<b>BASIS FOR RECOMMENDATION</b>			
Graycliff has received recent state assistance for renovations and they did not identify any other leverage/private fundraising, or equity contribution.			

Applicant Name:	NBT Solutions, Inc.	REDC Region:	Western New York
Project Type:	Business Investment	County:	Erie
Industry:	Logistics/Trade	Locality:	Buffalo
Amount Requested:	\$33,230	Total Project Cost:	\$166,150
<b>REGIONAL IMPACT MEASUREMENTS</b>			
Number of Jobs Retained:	3		
Number of Jobs Created:	2		
Average Salary of Jobs:	\$62,000		
Indirect Jobs Created	0		
Other Impact			
<b>PROJECT DESCRIPTION</b>			
<p>On March 16, 2010, the FCC's (Federal Communications Commission) National Broadband Plan was unveiled in an effort to improve broadband Internet access throughout the United States by 2020. The American Recovery and Reinvestment Act of 2009 (ARRA) required that the FCC draft the National Broadband Plan which is intended to achieve affordability and maximizing use of broadband to advance consumer welfare, civic participation, public safety and homeland security, community development, health care delivery, energy independence and efficiency, education, employee training, private sector investment, entrepreneurial activity, job creation and economic growth, and other national purposes.</p> <p>The plan is having an impact on the number of households now connected to the Internet. In its report issued in November of 2013, RVA, LLC estimated that Fiber to the Home (FTTH) services are now available to 21.3 million North American homes, an increase of more than 10 percent over the past six months. In addition, the report goes on to say that all but eight of nearly 880 FTTH service providers surveyed have fewer than 30,000 subscribers, with only five having more than 50,000 access lines and 97 percent of them having fewer than 10,000. "While large providers such as Verizon in the U.S., Bell and Bell Aliant in Canada and Telmex in Mexico continue to be very important, small providers such as rural telcos, real estate developers, small competitive providers and even rural electric cops are playing a key role in driving the expansion of fiber to the home," said Michael Render, president of RVA LLC, which tracks FTTH deployment for the Council.</p> <p>The implications of the report are that the gap in broadband and Internet services are being filled by smaller providers. NBT Solution believes- and our market research confirms- that as these small providers grow they will require tools to help them design, manage, and market, the fiber assets they are putting in place. Through a series of focus group meetings with small fiber provides such as GWI (Maine) and Pangaea (North Carolina) we have determined that there is not a fiber optic management tool available to small fiber providers. The products that are on the market are too expensive, require large licensing fees, are "feature-bloated", and require extensive training and setup to use. Our proposed project is to design, build, and market a web-based, geospatial fiber optic management tool that is intended for small fiber companies (200-2000 miles of fiber). The application will help these organizations with the lifecycle of fiber optic construction and management by helping them with the costing and sizing required at the design phase of a project; the marketing of these fiber assets to clients; and the maintenance of these assets. The product will be cloud-based to eliminate large computer technology investments by the fiber providers and it will be built on open source technologies to minimize licensing fees. Clients will pay for the application using a subscription payment model that includes monthly payments.</p>			

**Western New York Economic Development Fund  
 Recommendation Memo**

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

Applicant Name:	Niagara Hospice/First Choice Health	REDC Region:	Western New York
Project Type:	Business Investment	County:	Niagara
Industry:	Health/Life Sciences	Locality:	Niagara Falls
Amount Requested:	\$500,000	Total Project Cost:	\$1,192,254
<b>REGIONAL IMPACT MEASUREMENTS</b>			
Number of Jobs Retained:	0		
Number of Jobs Created:	27		
Average Salary of Jobs:	Undetermined		
Indirect Jobs Created	200		
Other Impact			
<b>PROJECT DESCRIPTION</b>			
Through comprehensive case management, goals include: Keep enrollees living healthier in their homes; Increase employment opportunities; Reduce Medicaid waste/abuse and provide greater access to healthcare; Create cost savings for NYS Medicaid program reducing counties/state share of Medicaid costs; Enhance viability of WNY network providers to the program; reduce inappropriate utilization of nursing home admissions, ER, Urgent Care & inpatient admissions, and promote prevention/patient safety.			
<b>OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT</b>			
<b>SOURCE</b>		<b>AMOUNT</b>	
N/A		N/A	
<b>PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED</b>			
<b>SOURCE</b>		<b>AMOUNT</b>	
N/A		N/A	
<b>BASIS FOR RECOMMENDATION</b>			
Although the social/health benefits of this program may be beneficial to the community, the project does not have direct economic development benefits that warrant a Fund award. In addition, the applicant is requesting funds to pay for another state agency's (NYDOH) requirement of a reserve fund.			

**Western New York Economic Development Fund  
Recommendation Memo**

Applicant Name:	Roycroft Campus Corporation	REDC Region:	Western New York
Project Type:	Tourism/Marketing	County:	Erie
Industry:	Preservation	Locality:	East Aurora
Amount Requested:	\$150,000	Total Project Cost:	\$150,000
<b>REGIONAL IMPACT MEASUREMENTS</b>			
Number of Jobs Retained:	0		
Number of Jobs Created:	2		
Average Salary of Jobs:	N/A		
Indirect Jobs Created	0		
Other Impact			
<b>PROJECT DESCRIPTION</b>			
<p>The Roycroft Campus, located in the village of East Aurora, is undergoing restoration to its grandeur of the turn of the 20th Century. The Copper Shop, built in 1902, is operated as an Arts &amp; Crafts Gallery and Gift Shop, the gathering and concluding point for tours, a demonstration area for Roycroft Era typesetting printing, and administrative offices. Work to be completed in this phase of the project includes restoration of exterior concrete blocks, windows, and doors.</p>			
<b>OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT</b>			
<b>SOURCE</b>		<b>AMOUNT</b>	
NYS EPF		\$100,000	
<b>PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED</b>			
<b>SOURCE</b>		<b>AMOUNT</b>	
CCAP		\$250,000	
Capital Grant		\$1,500,000	
CCAP		\$100,000	
<b>BASIS FOR RECOMMENDATION</b>			
<p>NYS has already made significant investment into the Roycroft Campus which includes an award of \$100,000 toward this project.</p>			

**Western New York Economic Development Fund  
Recommendation Memo**

Applicant Name:	Twin Cities Community Outreach, Inc.	REDC Region:	Western New York
Project Type:	Other	County:	Niagara
Industry:	Health/Life Sciences	Locality:	Tonawanda
Amount Requested:	\$175,000	Total Project Cost:	\$185,000
<b>REGIONAL IMPACT MEASUREMENTS</b>			
Number of Jobs Retained:	0		
Number of Jobs Created:	0		
Average Salary of Jobs:	100% Volunteer facility		
Indirect Jobs Created	0		
Other Impact			
<b>PROJECT DESCRIPTION</b>			
We have three projects; one of which is of dire need. The projects are: (1) roof replacement, which is by far our greatest need as we must provide adequate facility for our non-profit agencies; (2) stand-by generator, to provide power in the event of an outage, resulting in the loss of thousands of dollars worth of perishable food; and, (3) solar panels, to reduce future utility costs.			
<b>OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT</b>			
<b>SOURCE</b>	<b>AMOUNT</b>		
N/A	N/A		
<b>PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED</b>			
<b>SOURCE</b>	<b>AMOUNT</b>		
N/A	N/A		
<b>BASIS FOR RECOMMENDATION</b>			
The services provided by the organizations housed in the applicant's facility seem to provide valuable social services to the community; however, the Fund benefits are designed to promote economic development in the designated area. This is not an economic development project.			

**Western New York Economic Development Fund  
Recommendation Memo**

Applicant Name:	Zoological Society of Buffalo, Inc.	REDC Region:	Western New York
Project Type:	Infrastructure/Downtown Investment	County:	Erie
Industry:	Tourism	Locality:	City of Buffalo
Amount Requested:	\$1,000,000	Total Project Cost:	\$13,936,356
<b>REGIONAL IMPACT MEASUREMENTS</b>			
Number of Jobs Retained:	0		
Number of Jobs Created:	4		
Average Salary of Jobs:	\$40,613		
Indirect Jobs Created	0		
Other Impact			
<b>PROJECT DESCRIPTION</b>			
<p>The Buffalo Zoo is requesting \$1 million to assist in the funding of a new \$14 million polar bear habitat. The current bear exhibit, last updated in the 1930s, does not meet modern standards of the Association of Zoos and Aquariums. As a result, Buffalo's adult polar bears have had to be relocated to other zoos out of state. Unless a new exhibit is built, the loss of the Zoo's most popular species will become permanent, which will be devastating to attendance and financial stability.</p>			
<b>OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED FOR THIS PROJECT</b>			
<b>SOURCE</b>	<b>AMOUNT</b>		
Erie County & City of Buffalo	\$4,085,000		
ESD/Other State	\$926,000		

**Western New York Economic Development Fund  
 Recommendation Memo**

<b>PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED</b>	
<b>SOURCE</b>	<b>AMOUNT</b>
EDF	\$37,500
CEFAP	\$100,000
EOF	\$ 1,250,000
Community Projects Grant	\$6,750,000
<b>BASIS FOR RECOMMENDATION</b>	
<p>Since 2002, the Zoo has been the recipient of various grants from NYS, Erie County and the City of Buffalo totaling \$13,000,000 for various renovation projects at the Zoo. For this project (arctic polar bear exhibit), the Zoo has secured over \$5,000,000 to date in public funded grants.</p>	

**Western New York Economic Development Fund  
Recommendation Memo Finding**

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

**PROJECT DESCRIPTION**

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

**BASIS FOR RECOMMENDATION**

Economic Development Law (“EDL”) § 189-a(5) defines “eligible projects” and further excludes certain categories of projects from such definition, including “retail businesses” as defined by the WNYPPAB and “residential properties” . As noted above, the Board has defined “retail business” to mean “a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services”.

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

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

**PROJECT DESCRIPTION**

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

**BASIS FOR RECOMMENDATION**

Economic Development Law (“EDL”) § 189-a(5) defines “eligible projects” and further excludes certain categories of projects from such definition, including “retail businesses” as defined by the WNYPPAB and “residential properties” . As noted above, the Board has defined “retail business” to mean “a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services”.

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