

ECONOMIC DEVELOPMENT POWER ALLOCATION BOARD

MINUTES

*Monday, September 28, 2015 – 10:00 a.m.
Via Videoconference from
Clarence D. Rappleyea Building, White Plains, New York*

*New York Power Authority Offices:
123 Main Street, 16th Floor, White Plains, NY
5777 Lewiston Road, Lewiston, NY
21 Hawkins Point Road, Massena, NY (Visitor's Center)
Metschl & Associates Videoconference Site
295 Main Street Elliott Square Building, Suite 1098, Buffalo, NY*

1. Approval of the September 28, 2015 Proposed Meeting Agenda
2. Approval of the Minutes of the Meeting of July 27, 2015
3. Recharge New York Power Program

OTHER BUSINESS

4. Next Meeting

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

- 1) New York Power Authority, 123 Main Street, White Plains, NY
- 2) New York Power Authority, 5777 Lewiston Road, Lewiston, NY
- 3) New York Power Authority, 21 Hawkins Point Road, Massena, NY
- 4) Metschl & Associates Videoconference Site, 295 Main Street, Elliott Square Bldg., Buffalo, NY

The following Members of the Board were present:

Sam Hoyt, Chairman
Eugene L. Nicandri, Member
George Maziarz, Member

The following Member of the Board excused from meeting:

Robert B. Catell, Member

Also in attendance were:

Justin Driscoll	Executive Vice President & General Counsel, NYPA
Karen Delince	Vice President & Corporate Secretary, NYPA
Keith Hayes	Vice President Marketing, Business Marketing & Economic Dev. & Muni & Coop, NYPA
Maribel Cruz	Manager – Business Power Allocations and Compliance, NYPA
Sheila Baughman	Senior Assistant Corporate Secretary, NYPA
Glenn Martinez	Senior Network Analyst, NYPA
Joseph Rivera	Network Architect, NYPA

Introduction

Chairman Hoyt welcomed the Economic Development Power Allocation Board (“EDPAB”) members, Eugene Nicandri and Senator George Maziarz (Retired), and Authority senior staff members to the meeting. He said that the meeting had been duly noticed as required by the Open Meetings Law and called the meeting to order pursuant to the EDPAB Bylaws, Article III, Section 2.

1. Adoption of the Proposed Meeting Agenda

Upon motion made and seconded, the Agenda for the September 28, 2015 meeting was approved.

The members indicated that they have no conflicts of interest based on the list of entities being considered for power allocations at the meeting.

2. **Adoption of the Minutes**

Upon motion made and seconded, the Minutes of the Meeting held on July 27, 2015 were approved.

3. **Recharge New York Power Program**

SUMMARY

The Economic Development Power Allocation Board (“EDPAB” or “Board”) is requested to approve the transfer of the following Recharge (“RNY”) Power allocations:

1. The transfer of a 40 kilowatt (“kW”) RNY Power allocation awarded to Universal Photonics Inc. (“Universal Photonics”) from Universal Photonics’ facility at 495 West John Street, Hicksville, NY to a new facility at 85 Jetson Lane, Central Islip, NY.
2. The transfer of a 750 kW RNY Power allocation from Hi-Tech Pharmacial Co., Inc. (“Hi-Tech”), which was awarded for use at its Amityville, NY facility (“Amityville Facility”), to Akorn, Inc. (“Akorn”) in connection with Akorn’s acquisition of Hi-Tech.
3. The transfer of a 250 kW RNY Hydropower allocation from Delphi Automotive Systems, LLC and/or Delphi Properties Management LLC (collectively, “Delphi”), which was awarded to Delphi for use at its Amherst, New York facility (“Amherst Facility”), to MAHLE Manufacturing Management, Inc. (or MAHLE Industries, Incorporated, as appropriate), in connection with the sale of the thermal management business of Delphi Automotive PLC to the MAHLE GmbH group of companies.

DISCUSSION

Economic Development Law § 188-a(g) provides:

Notwithstanding any other approval required by statute, regulation or contract, the transfer of a recharge New York power allocation to a different recipient, to a different owner or operator of a facility, or to a different facility is prohibited unless specifically approved by the board as consistent with the criteria and requirements of this section. Any transfer that occurs without the board's approval shall be invalid and such transfer may subject the transferor to revocation or modification of its allocation and contract.

1. Universal Photonics

Universal Photonics operates a manufacturing facility in Hicksville, NY (“Hicksville Facility”) which produces critical surface preparation materials. The New York Power Authority (“Authority”) currently sells 40 kW of RNY Hydropower to Universal Photonics for use at the Hicksville Facility. When the Authority made RNY Power allocation to Universal Photonics on April 24, 2012, the parties understood Universal Photonics would be moving to a new facility at some point. Universal Photonics has now decided to relocate its facilities to 85 Jetson Lane, Central Islip, NY. Universal Photonics is currently in compliance with its contractual commitments, and will continue to honor the job capital investment commitments provided for in its RNY Power contract with the Authority.

2. Hi-Tech

Hi-Tech is a specialty manufacturer and marketer of prescription, over-the-counter and nutritional products. The Authority currently sells 750 kW of RNY Power to High-Tech for use at its Amityville, NY facility (“Amityville Facility”). The allocation was made by the Authority on April 24, 2012.

Akorn has acquired Hi-Tech, and the parties have requested that the 750 kW RNY Power allocation be transferred to Akorn for continued use at the Amityville Facility.

Hi-Tech is currently in compliance with its job commitments, and Akorn will agree to honor the contractual commitments of High-Tech, including those related to jobs and capital investment, provided for in High-Tech's contract with the Authority.

3. Delphi

Delphi operates several chemical manufacturing facilities in New York, including facilities located in Amherst in Erie County. The Authority sells Delphi a 250 kW RNY Hydropower allocation for use at its Amherst facility ("Amherst Facility"), among other power allocations.

MAHLE has purchased the thermal business of Delphi Automotive PLC. In connection with this transaction, MAHLE formed MAHLE Manufacturing Management, Inc. ("MAHLE Manufacturing") to serve as the interim owner and operator of the Amherst Facility. MAHLE also formed MAHLE Industries, Incorporated which it expects to take ownership and operational control of the Amherst Facility at some point in the future.

Delphi and MAHLE have requested that the 250 kW RNY Hydropower allocation be transferred from Delphi to MAHLE Manufacturing (or MAHLE Industries, Incorporated, as appropriate), for continued use at the Amherst Facility.

Delphi is currently in compliance with its commitments under its power sale contracts with the Authority. We expect that the MAHLE companies will agree to assume Delphi's rights and obligations under Delphi's Power Sale Agreement with the Authority relating to the Amherst Facility, including Delphi's job and capital investment commitments.

4. Transfer Implementation

If the transfer for Universal Photonics is approved, Universal Photonics' contract will be amended to reflect the transfer of the allocation to its new facility. If the other transfers are approved, they will be implemented through written contracts containing such terms and conditions determined by the Authority to be appropriate to effectuate the respective transfers.

RECOMMENDATION

For the reasons stated above, staff recommends that EDPAB approve the transfer of the RNY Power allocations identified above.

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

RESOLVED, That (1) the transfer of a 40 kilowatt ("kW") Recharge New York ("RNY") Power allocation awarded to Universal Photonics Inc. ("Universal Photonics") from Universal Photonics' facility at 495 West John Street, Hicksville for use at a new facility at 85 Jetson Lane, Central Islip, NY, (2) the transfer of a 750 kW RNY Power allocation from Hi-Tech Pharmacal Co., Inc. to Akorn, Inc. for continued use at the Amityville, NY facility, and (3) the transfer of a 250 kW RNY Hydropower allocation from Delphi Automotive Systems, LLC and/or Delphi Properties Management LLC to MAHLE Manufacturing Management, Inc. (or MAHLE Industries, Incorporated, as appropriate), for continued use at the Amherst, NY facility, all as

described in the foregoing report of the Senior Vice President, Economic Development & Energy Efficiency, be, and hereby are, approved for the reasons set forth in such report.

Chairman Hoyt invited Mr. Keith Hayes, Vice President of Marketing, to present the Recharge New York Power (“RNY”) Program item.

Mr. Keith Hayes provided highlights of staff’s recommendation to the Board. He said the Economic Development Law provides that transfers of RNY power allocations to a different recipient, a different owner or operator of a facility or a different facility is prohibited unless specifically approved by the Board; the transfer must be consistent with the criteria requirements; and any transfer that occurs without the Board’s approval is invalid. To that end, staff is requesting that EDPAB recommend that the Authority’s Trustees approve the transfer and redistribution of RNY power allocations, which meet the criteria set forth in the EDL, to Universal Photonics, Inc. from its facility in Hicksville, NY to its new facility in Central Islip, NY; High-Tech Pharmacal Co., Inc. to Akron Inc. which has acquired High-Tech; and Delphi Automotive Systems, LLC’s Amherst facility to MAHLE Manufacturing Management, in connection with MAHLE’s acquisition of Delphi.

In response to a question from Chairman Hoyt, Mr. Hayes said although Delphi has several facilities, the allocation to MAHLE Industries, Inc. will be used at the Amherst Facility.

Other Business

No other business to report.

4. Next Meeting

Chairman Hoyt said that the next meeting of the Board will be held on Monday, December 14, 2015 at 10:00 a.m.

Closing

Upon motion made and seconded, the meeting was adjourned by Chairman Hoyt at approximately 10:10 a.m.