



Northern NY Power Proceeds Allocation Board

NORTHERN NEW YORK POWER PROCEEDS ALLOCATION BOARD

MINUTES

February 12, 2020 - 4:00 P.M.

NYPA'S St. Lawrence – FDR Power Project
Frank S. McCullough, Jr. Hawkins Point Visitors Center
21 Hawkins Point Road
Massena, New York 13662

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Minutes of the Meeting of the Northern New York Power Proceeds Allocation Board held via video conference in Massena, New York.

Board Members Present:

Patrick Kelly, Chair
Ian Maxwell
Robert McNeil
Theresa Phalon (Excused)
Roger Sharlow (Excused)

NYPA Staff Present:

| | |
|-----------------|--|
| Karen Delince | Corporate Secretary |
| Valerie Venuti | Administrative Assistant |
| Patricia Wilson | Northern New York Project Manager |
| Richard Smith | Business & Project Development Director |
| Karen White | Manager Community Relations, Northern New York |

Opening Remarks

Chairman Kelly welcomed members of the Board, the staff of North County Regional Economic Development Council, and the staff of the New York Power Authority ("NYPA"). He stated that this meeting of the Board had been duly noticed as required by the Open Meetings law. The meeting was called to order at 4:00 p.m.

1. **Adoption of the February 12, 2020 Proposed Meeting Agenda**

Member McNeil made a motion to adopt the February 12, 2020 meeting agenda. The motion was seconded by member Maxwell. The agenda was unanimously adopted.

Conflicts of Interest

Chairman Kelly stated that members were polled prior to the meeting regarding possible conflicts of interest, and all indicated they did not have any conflicts. However, Chairman Kelly mentioned that although both he and Member McNeil have worked on projects with the applicant, he did not feel this would reach the level of a conflict of interest.

2. Adoption of the October 16, 2019 Meeting Minutes

Chairman Kelly asked whether there were any amendments to the Minutes. Upon motion made by member McNeil and seconded by member Maxwell, the October 16, 2019 meeting minutes were unanimously adopted.

3. **Fund Balance Update**

Richard Smith submitted the following Northern New York Fund Update report:

| Northern New York Economic Development Fund Update¹ | | <i>As of</i> December-19 |
|--|--|-----------------------------|
| The Fund | | |
| <i>this</i> | Total Deposits to the Fund to Date: | \$5,016,000 |
| <i>plus</i> | Total Interest Earned on Deposits to Date: | \$158,081 |
| = | Total Funds Deposited: | \$5,174,081 |
| Expenditures | | |
| <i>this</i> | Total Funds Deposited: | \$5,174,081 |
| | Total Administrative Expenses Withdrawn: | \$0 |
| | Disbursements to Grantees: | (\$258,378) |
| <i>plus</i> | Total Expenditures: | (\$258,378) |
| = | Current Fund Balance: | \$4,915,703 |
| Awards | | |
| <i>this</i> | Total Funds Deposited: | \$5,174,081 |
| | Standard Projects: | \$1,806,595 |
| | Energy Related Projects ² : | \$37,422 |
| <i>minus</i> | Total Fund Benefits Awarded³: | \$1,844,017 |
| = | Total Fund Benefits Available to be awarded by the NNYPPAB⁴: | \$3,330,064 |
| Energy-Related Projects | | |
| <i>this</i> | Minimum Amount (15%) of the Fund Dedicated to Energy-Related Projects: | \$752,400 |
| <i>minus</i> | Total Awards (1%) Made for Energy-Related Projects to Date (not including today): | \$37,422 |
| = | Fund Benefits Currently Available to be Awarded for Energy-Related Projects Only: | \$714,978 |
| Today's Recommendations | | |
| <i>this</i> | Standard Projects: | \$25,000 |
| <i>plus</i> | Energy-Related Projects or Project Components: | \$0 |
| = | 1 Total Recommendations Before the NNYPPAB Today: | \$25,000 |
| St. Lawrence County Economic Development Power ("SLCEDP") | | |
| | Total Estimated Unallocated SLCEDP Available to Generate Net (MW)⁵: | 20 |
| <p>¹ The "Fund", known as the "Northern New York Economic Development Fund", is created and administered by the New York Power Authority ("NYPA"). It is funded with the aggregate excess of revenues ("Net Earnings") received by NYPA from the sale of unallocated St. Lawrence County Economic Development Power ("SLCEDP") produced at NYPA's St. Lawrence-FDR Power Project that is sold in the wholesale energy market over what revenues would have been received had such Power been sold on a firm basis to the Town of Massena Electric Department for Economic Development Purposes.</p> | | |
| <p>² As defined by the Northern New York Power Proceeds Allocation Act, a minimum of 15% of Fund Benefits shall be dedicated to "energy-related projects, programs and services". In accordance with EDL § 197-a(7), "energy-related projects, programs and services" means: (1) energy efficiency projects and services; (2) clean energy technology projects and services; (3) high performance and sustainable building programs and services; and (4) the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services.</p> | | |
| <p>³ Funds awarded to applicants to the Fund who are recommended for an award by the NNYPPAB and approved by the NYPA Trustees are known as "Fund Benefits." Disbursement of Fund Benefits is subject to satisfaction of certain terms and</p> | | |
| <p>⁴ Total Fund Benefits Available to Be Awarded is calculated as Total Funds Deposited minus the sum of Total Fund Benefits Awarded and Total Administrative Expenses Withdrawn.</p> | | |
| <p>⁵ Unutilized St. Lawrence County Economic Development Power ("SLCEDP") consists of an estimate of unallocated hydropower. For the first five years following the effective date, the amount of SLCEDP used to generate excess earnings shall be the lesser of 20 MW or the amount of SLCEDP that has not been allocated. Beginning five years from the effective date, the amount of SLCEDP used to generate excess earnings shall be the lesser of 10 MW or the amount of SLCEDP that has not been allocated.</p> | | |

NNYEDF Awards

| NNYPPAB | | |
|---------------------------|---------------------------------|------------------------------|
| Recommendation Date | (Multiple Items) | ▼ |
| County | ▼ Company | Sum of NNYPPAB Approved \$\$ |
| ☐ St. Lawrence | Canexsys | \$200,000 |
| | Clarkson University | \$60,000 |
| | North Country Children's Museum | \$140,000 |
| | Empire State Mines | \$330,000 |
| | Kingston Pharma LLC | \$200,000 |
| | AmTech Yarns, Inc. | \$370,000 |
| | SLC Chamber of Commerce | \$220,305 |
| | Queenaire Technologies, Inc. | \$59,600 |
| | Criscitello & Criscitello LP | \$95,000 |
| | Structural Wood Corporation | \$169,112 |
| St. Lawrence Total | | \$1,844,017 |
| Grand Total | | \$1,844,017 |

Chairman Kelly thanked Mr. Smith for the report.

4. **Award of Fund Benefits from the Northern New York Economic Development Fund (Patricia Wilson)**

Ms. Wilson, Northern New York Project Manager, submitted the following report and resolution for consideration and adoption:

“SUMMARY

The Northern New York Power Proceeds Allocation Board (“Allocation Board” or “Board”) is requested to recommend to the Board of Trustees of the Power Authority of the State of New York (“NYPA” or “Authority”) that an award of Fund Benefits be made to St. Lawrence Power and Equipment Museum (“SLPE” or “Applicant”). The Applicant’s project and the amount of the award being recommended is discussed below and in Exhibits “A” and “A-1”.

BACKGROUND

1. *The Northern New York Power Proceeds Allocation Act*

On December 29, 2014, Governor Cuomo signed into law the Northern New York Power Proceeds Allocation Act (the “Act”). The Act adds provisions to two chapters of consolidated law, the Economic Development Law (“EDL”), and the Public Authorities Law within the Power Authority Act, the enabling statute of the New York Power Authority (“NYPA”) (collectively, the “Statutes”).

As discussed in more detail below, the Act creates a program, administered by NYPA and the Board, to support economic development in Northern New York (“Program”). Under the Program, financial assistance known as “fund benefits” (“Fund Benefits”) may be awarded to “eligible applicants” for “eligible projects” based on criteria set forth in the Statutes.

Under the Act, an “eligible applicant” is a private business, including a not-for-profit corporation that is a private business. “Eligible projects” is defined to mean “economic development projects” that are or would be physically located within St. Lawrence County that will support the growth of business in St. Lawrence County 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; 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 St. Lawrence County tourism and business; and energy-related projects.

Eligible projects do not include, and Fund Benefits may not be used for, 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.

2. ***The Northern New York Economic Development Fund***

NYPA and the Town of Massena Electric Department (“Massena”) are parties to a contract that provides for NYPA’s sale of up to 20 megawatts (“MW”) of hydropower known as “St. Lawrence County Economic Development Power” (“SLCEDP”) to the Town. As detailed in the Statutes, NYPA is authorized

to sell unallocated SLCEDP into the market to generate revenue for the Program. The Statutes provide that NYPA will deposit proceeds from such sales into the Fund no less than quarterly.

At least 15% percent of the Fund is dedicated to eligible projects which are “energy-related projects, programs and services,” which are defined as “energy efficiency projects and services, clean energy technology projects and services, and high performance and sustainable building programs and services, and the construction, installation and/or operation of facilities or equipment done in connection with any such projects, programs or services.”

Monies from the Fund – Fund Benefits – are paid to awardees in the form of grants, and staff expects that in most cases, Fund Benefits will be disbursed as reimbursement for expenses incurred by an awardee. Allocations of Fund Benefits may only be made on the basis of monies that have been deposited in the Fund. No award may encumber funds that have not been deposited in the Fund.

3. Northern New York Power Proceeds Allocation Board

Under the Act, the Allocation Board’s primary responsibilities regarding applications for Fund Benefits under the Program are to (i) administer the application process, (ii) make determinations relating eligibility, and (iii) where an applicant and project are eligible, evaluate applications against the criteria in the Statutes, and make a recommendation to the NYPA Board of Trustees on whether an applicant should be awarded fund benefits. The Allocation Board uses the criteria based on criteria that are applicable to EP, RP and PP allocations, and for revitalization of industry, as provided for in Public Authorities Law § 1005.

Additionally, the Board is authorized to consider the extent to which an award of Fund Benefits is consistent with the strategies and priorities of the North Country Regional Economic Development Council (“NCREDC”), which covers the region in which an eligible project may be proposed.

At its meeting on January 25, 2017, the Board, in accordance with the Act, adopted by-laws, operating procedures, guidelines related to the application, and a form of application. A copy of the relevant criteria (collectively, “Program Criteria”), adapted from this Board’s “Procedures for the Review of Applications for Fund Benefits,” is attached as Exhibit “B” to this memorandum.

The Board also defined “retail business” to mean “a business that is primarily used in making retail sales of goods or services to customers who personally visit such facilities to obtain goods or services.”

Finally, the Board designated NYPA’s Economic Development Manager, North Country, to Act on behalf of the Board related to administrative matters.

4. Application Process

A webpage has been created and is hosted on WWW.NYPA.GOV/NNYPPAB with application instructions, a link to the approved application form and other program details including a contact phone number and email address staffed by NYPA. A rolling application process is used and the Allocation Board meets regularly to consider applications for Fund Benefits.

DISCUSSION AND RECOMMENDATIONS

The Allocation Board has before it one application which has been made available for Board review. Staff analyzed the application and is now making a recommendation to the Board regarding the application.

As detailed in Exhibit "A-1", the SLPE application seeks Fund Benefits to support building construction and the acquisition of furniture and fixtures and exhibits to fund a business expansion. The Applicant indicates that it would spend approximately \$125,000 on this project.

Based on a review of the application and consideration of relevant Program Criteria, Staff recommends that the Allocation Board recommend to the NYPA Trustees that the Applicant receive an award of Fund Benefits in the amount indicated on Exhibits "A" and "A-1".

To the extent that this application proposes a project that must receive approval and/or comply with other legal requirements, such as the State Environmental Quality Review Act, before the project may proceed, Staff recommends that any affirmative recommendation by the Board for such projects not be forwarded to the NYPA Board of Trustees for action until after the Board receives appropriate notification that all such approvals and requirements have been satisfied, and that such recommendations be made subject to further consideration by the Board in the event that such approvals and/or legal requirements are not satisfied.

PROJECT STATUS

Under the Act, a recommendation for Fund Benefits by the Allocation Board is a prerequisite to an award of Fund Benefits by NYPA. Upon a showing of good cause, NYPA has discretion to adopt the Allocation Board's recommendations or to award Fund Benefits in different amounts or on different terms than recommended by the Board. In addition, the Authority is authorized to include in any contract providing for the implementation of an award ("Award Contract") any terms and conditions that NYPA deems appropriate.

Given the preliminary stage of the projects identified in Exhibit "A-1", Staff is not in a position to recommend proposed definitive terms and conditions that should be included in any Board recommendation for an award, but Exhibit "A-1" offers general considerations relating to disbursement of fund benefits for NYPA's consideration. It is anticipated that NYPA staff, in consultation with Board Staff, would negotiate final terms and conditions if an award is made after the receipt of more detailed information concerning the project.

RECOMMENDATION

Based on the foregoing discussion and information, Staff recommends that the Allocation Board recommend to the NYPA Board of Trustees that SLPE receive an award of Fund Benefits in the amount proposed in Exhibits "A" and "A-1".

For the reasons stated, Staff recommends the adoption of the above-requested action by adoption of a resolution in the form of the attached draft resolution.

R E S O L U T I O N

NOW THEREFORE BE IT RESOLVED, That the Northern New York Power Proceeds Allocation Board ("Allocation Board") hereby recommends that the Power Authority of the State of New York ("NYPA") make an award of Fund Benefits to St. Lawrence Power and Equipment Museum in the amount recommended in Exhibits "A" and "A-1" for the reasons set forth in the attached memorandum and any attachments thereto; provided that (i) if the application proposes a project that must receive approvals and/or comply with other legal requirements, such as the State Environmental Quality Review Act, before it may proceed, the recommendation for such application shall not be forwarded to NYPA until Staff, on behalf of the Board, receives appropriate notification that such legal approvals and/or requirements which are necessary for the project to proceed have been satisfied, and (ii) such recommendations shall be subject to further Board review in the event that such approvals and/or legal requirements are not satisfied; and be it further

RESOLVED, That Staff is authorized on behalf of the Allocation Board to transmit the Board's decision and recommendations to NYPA subject to the qualification stated above regarding legal approvals and/or requirements, and to do any and all things and take any and all actions to effectuate the Board's decision and the foregoing resolution."

a. **Recommendation for Award**
St. Lawrence Power and Equipment Museum (“SLPE”) (Exhibit A-1)

Patricia Wilson, Northern New York Project Manager, stated that Staff recommends an award benefit of \$25,000 to St. Lawrence Power and Equipment Museum (“SLPE”), to help supplement the building of a historical stockade fort, including furniture fixtures and exhibits. The fort will feature barracks headquarters, parade grounds, and a memorial to St. Lawrence, displaying the County’s Medal of Honor recipients.

It is anticipated that the new exhibit will draw an additional 1000 visitors each year, who will also patronize the lodging, dining and fuel in that area, bolstering the local economy.

Aspects of this project align with the “I Love New York” initiative to showcase the state’s abundant and captivating history. It also supports tourism growth strategies, as the applicant is coordinating with the St. Lawrence County Chamber’s Staff to create year-round events to promote tourism opportunities. The investment in the new attraction will aid in generating an additional \$100,000 in revenue.

Upon motion made by member Maxwell and seconded by member McNeil, the Board adopted the resolution to recommend to the Power Authority of the State of New York (“NYPA”) Board the award fund benefits to St. Lawrence Power and Equipment Museum, in the amount of \$25,000 (Exhibit "A-1").

5. Adoption of the 2020 Proposed Schedule of Meetings

Upon motion made by member McNeil and seconded by member Maxwell, the Board adopted the following 2020 meeting schedule:

Wednesday, February 12th at 4 pm at St. Lawrence Visitors Center

Wednesday, April 8th at 4 pm at St. Lawrence Visitors Center

Wednesday, June 10th at 4 pm at St. Lawrence Visitors Center

Thursday, August 6th at 4 pm at St. Lawrence Visitors Center

Wednesday, October 14th at 4 pm at St. Lawrence Visitors Center

6. Next Meeting and Adjournment

Chairman Kelly stated that the next meeting of the Board is scheduled for Wednesday, April 8, 2020 at 4 p.m. at the St. Lawrence/FDR Power Project. He stated that if members have no additional business, he would entertain a motion to adjourn.

Upon motion, duly made and seconded, the meeting was adjourned at 4:10 p.m.

EXHIBIT A-1

| | | | |
|--|---|------------------------|------------------|
| Applicant Name: | St. Lawrence Power and Equipment Museum ("SLPE") | REDC Region: | North Country |
| Project Type: | Tourism | County: | St. Lawrence |
| Industry: | Business and Tourism | Locality: | Madrid |
| Amount Requested: | \$25,000 | Start Date: | 9/17/19 |
| | | Finish Date: | 7/1/20 |
| RECOMMENDED OFFER | | | |
| Recommended Total Award: | \$25,000 | | |
| Total Project Cost: | \$125,000 | | |
| % of Project Cost Recommended: | 20% | | |
| PROJECT BUDGET (Proposed by Applicant) | | | |
| Use of funds | Amount | Source of Funds | Amount |
| Fort Construction | \$100,000 | NNYEDF | \$25,000 |
| Educational Materials | \$5,000 | RVRDA | \$10,000 |
| Cannon, Exhibits, Furniture | \$20,000 | Private Corporation | \$90,000 |
| Total: | \$125,000 | Total: | \$125,000 |
| REGIONAL IMPACT MEASUREMENTS | | | |
| Job Commitments: | The Funding Track under which the application was submitted does not require job-related commitments. | | |
| Average Salary of Jobs: | n/a | | |
| Indirect Jobs Created | n/a | | |
| Other Impact | | | |
| PROJECT DESCRIPTION (Adapted from Application) | | | |
| Seeking to leverage NY's rich military history the SLPE proposes to build a historical stockade fort as a tribute to St. Lawrence County residents who fought in the American Civil War. The fort would include barracks, headquarters and a parade ground with a flagpole as its center piece and demonstrate a working model showing Civil War garrison life in the North Country. Located near the fort's entrance would be a memorial to St. Lawrence County Medal of Honor recipients. An honor roll featuring the names of all serving during the Civil War by regiment will also be featured. | | | |
| OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED | | | |
| RVRDA Grant | \$10,000 | | |
| PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED | | | |
| TYPE | AMOUNT | STATUS | |
| N/A | \$ | | |
| BASIS FOR RECOMMENDATION | | | |
| SLPE has identified a funding gap and is seeking an award to support construction of the Fort's buildings and purchase of furniture, fixtures and exhibits. The Project will add value by diversifying SLPE's exhibits in a manner that would be vital to maintaining sustainability and vibrancy and that capitalizes on New York's rich military history. SLPE will leverage New York's "Path Through History Weekends" program, | | | |

which showcases the state's rich and fascinating past, in order to increase membership, tourist visits and grow revenue.

Tourism is considered an export as it brings outside dollars into a destination. A recent economic development study created for St. Lawrence County noted that "Tourists spend ~\$122-million per year in the County, leading to about 1,250 jobs." The Study recommended "building on the County's many natural and cultural assets to make it an even better place to live and visit, with increased coordination to improve Main Streets and attract visitors, while creating vibrant communities for residents." As such, this project would help to improve the North Country economy.

ANTICIPATED DISBURSEMENT TERMS

Fund Benefits would be used to reimburse the applicant for a portion of costs associated with completing the project. It is anticipated that funds will be disbursed in arrears and payment will be made upon presentation to NYPA of invoices and such other documentation acceptable to NYPA verifying the applicant has incurred eligible expenses of approximately \$125,000.

EXHIBIT B

Criteria adapted from the “Board Procedures, and Board Policies Relating to the Review of Applications for Fund Benefits”, adopted by the Northern New York Power Proceeds Allocation Board

1. The extent to which an award of Fund Benefits would be consistent with the strategies and priorities of the North Country Regional Economic Development Council (“NCREDC”). Such strategies and priorities include the following:
 - Energize our communities by building on growth in the aerospace, transit equipment, defense, biotech, energy, and manufacturing industries
 - Leverage our gateway to Canada, the nation’s largest trading partner, to lead the State in global investment
 - Attract and nurture entrepreneurs through innovation to catalyze the highest per capita rate of small business start-ups and expansions in the state
 - Invest in community development infrastructure that expands opportunities and capacity
 - Innovate effective rural healthcare and education delivery networks
 - Elevate global recognition of the region as one of the special places on the planet to visit, live, work and study
 - Activate tourism as a driver to diversify our economies by creating demand to accelerate private investment
 - Invest in agriculture as we help feed the region and the world
 - Create the greenest energy economy in the state
2. Whether the eligible project would occur in the absence of an award of Fund Benefits.
3. The extent to which an award of Fund Benefits will result in new capital investment in the State by the eligible applicant and the extent of such investment.
4. Other assistance the eligible applicant may receive to support the eligible project.
5. The type and cost of buildings, equipment and facilities to be constructed, enlarged or installed if the eligible applicant were to receive an award of Fund Benefits.
6. The eligible applicant's payroll, salaries, benefits and number of jobs at the eligible project for which an award of Fund Benefits is requested.
7. Where applicable, the number of jobs that will be created or retained within St. Lawrence County and any other parts of the State in relation to the requested award of Fund Benefits, and the extent to which the eligible applicant will agree to commit to creating or retaining such jobs as a condition to receiving an award of Fund Benefits.
8. Whether the eligible applicant is at risk of closing or curtailing facilities or operations in St. Lawrence County and other parts of the State, relocating facilities or operations out of St. Lawrence County and other parts of the State, or losing a significant number of jobs in

St. Lawrence County and other parts of the State, in the absence of an award of Fund Benefits.¹

9. The significance of the eligible project that would receive an award of Fund Benefits to the economy of the area in which such eligible project is located.
10. For new, expanded and/or rehabilitated facilities, the extent to which the eligible applicant will commit to implement or otherwise make tangible investments in energy efficiency measures as a condition to receiving an award of Fund Benefits.²

¹ Job creation and retention are key indicators of economic activity. However, the Allocation Board recognizes that certain investments may increase productivity and revitalize areas without immediately increasing permanent employment. Therefore, job creation/retention commitments will be emphasized primarily in the Business Investment Track. While job creation and retention may not be a significant factor for other Tracks, demonstration of economic development benefits to the Region will generally be considered favorably when assessing applications under all Tracks.

² As provided for in Economic development Law § 197-c(4), many of the criteria are adapted from criteria used in determining eligibility for Expansion Power, Replacement Power and Preservation Power under Public Authorities Law (“PAL”) § 1005(13). Certain criteria identified in PAL § 1005(13) are relevant to power allocations under these programs and do not have any logical application to the allocation of Fund Benefits. Therefore, the Board does not expect to use these criteria to evaluate applications for Fund Benefits.