

WESTERN NEW YORK POWER PROCEEDS ALLOCATION BOARD

MINUTES

June 21, 2016 – 4:37 P.M.

New York Power Authority's Buffalo Office
535 Washington Street, Suite 202, Buffalo, NY

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

Board Members Present:

Anthony J. Colucci III (Chair)
Deanna Alterio Brennen
Dennis Elsenbeck
Brenda McDuffie
Henry F. Wojtaszek

NYPA Staff Present:

| | |
|---------------|---|
| Karen Delince | Corporate Secretary (<i>via video in White Plains</i>) |
| Keith Hayes | Vice President – Marketing (<i>via video in White Plains</i>) |
| Carol Sampson | Community Relations Representative II |
| Richard Smith | Business & Project Development Director |

ESDC Staff Present:

| | |
|--------------|---|
| Pamm Lent | Director of Communications |
| Angela Rossi | Special Assistant to Regional President |

Opening Remarks

Chairman Colucci welcomed members of the Board, the staff of Empire State Development Corporation ("ESDC"), 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 4:37 p.m.

1. **Adoption of the June 21, 2016 Proposed Meeting Agenda**

Member Brennen made a motion to adopt the June 21, 2016 meeting agenda. The motion was seconded by member McDuffie. The agenda was unanimously adopted.

Conflicts of Interest

Chairman Colucci stated that members had been polled prior to the meeting regarding possible conflicts of interest and all indicated they did not have any conflicts.

2. Adoption of the April 25, 2016 Meeting Minutes

Chairman Colucci asked whether there were any amendments to the Minutes.

Upon motion made by member Wojtaszek and seconded by member Brennen, the April 25, 2016 meeting minutes were unanimously adopted.

3. Fund Balance Update

Richard Smith submitted the following May 2016 Western New York Economic Development Fund Update report:

Western New York Economic Development Fund Update¹

As of
May-16

| The Fund | | |
|---|--|-----------------------|
| <i>this</i> | Total Deposits to the Fund to Date: | \$41,031,000 |
| <i>plus</i> | Total Interest Earned on Deposits to Date: | \$111,804 |
| = | Total Funds Deposited: | \$41,142,804 |
| Expenditures | | |
| <i>this</i> | Total Funds Deposited: | \$41,142,804 |
| | Total Administrative Expenses Withdrawn: | \$0 |
| | Disbursements to Grantees: | (\$16,838,174) |
| <i>plus</i> | Total Expenditures: | (\$16,838,174) |
| = | Current Fund Balance: | \$24,304,630 |
| Awards | | |
| <i>this</i> | Total Funds Deposited: | \$41,142,804 |
| | Standard Projects: | \$29,064,998 |
| | Energy Related Projects ² : | \$3,128,320 |
| <i>minus</i> | Total Fund Benefits Awarded³: | \$32,193,318 |
| = | Total Fund Benefits Available to be awarded by the WNYPPAB⁴: | \$8,949,486 |
| Energy-Related Projects | | |
| <i>this</i> | Minimum Amount (15%) of the Fund Dedicated to Energy-Related Projects: | \$6,154,650 |
| <i>minus</i> | Total Awards (8%) Made for Energy-Related Projects to Date (not including today): | \$3,128,320 |
| = | Fund Benefits Currently Available to be Awarded for Energy-Related Projects Only: | \$3,026,330 |
| Today's Recommendations | | |
| <i>this</i> | Standard Projects: | \$400,000 |
| <i>plus</i> | Energy-Related Projects or Project Components: | \$0 |
| = | 2 Total Recommendations Before the WNYPPAB Today: | \$400,000 |
| Expansion Power ("EP") and Replacement Power ("RP") Summary | | |
| <i>this</i> | Estimated Unallocated EP and RP to Date (MW): | 67 |
| <i>plus</i> | Estimated Allocated but Unused Hydropower to Date (MW) ⁵ : | 41 |
| = | Total Estimated Unutilized EP and RP to Date (MW)⁶: | 108 |

¹ The "Fund", known as the "Western 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 Expansion Power ("EP") and Replacement Power ("RP") produced at NYPA's Niagara 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 an eligible EP or RP customer.

² As defined by the Western 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 § 189-a(6), "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.

³ Funds awarded to applicants to the Fund who are recommended for an award by the WNYPPAB and approved by the NYPA Trustees are known as "Fund Benefits." Disbursement of Fund Benefits is subject to satisfaction of certain terms and conditions.

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.

⁵ The NYPA Trustees may allocate EP or RP to eligible companies. Such customers may use the entire allocation, or such customers may "take down" only a portion of the allocation based on their needs at the time. EP and RP that is unallocated, or that is allocated but not taken down, is eligible to be used for WNYEDF "Net Earnings".

⁶ Unutilized EP and RP consists of an estimate of both unallocated hydropower and allocated hydropower that has not been taken down by customers.

WNYEDF Awards by County ⁷

| WNYPPAB Recommenda (All) | | |
|------------------------------------|---|---------------------|
| County | Company | WNYPPAB Approval |
| Erie | 425 Michigan Ave, LLC | \$500,000 |
| | Coolture | \$300,000 |
| | Eden Valley Growers | \$80,000 |
| | Field & Fork Network | \$166,912 |
| | Ford Motor Company | \$1,000,000 |
| | Forest Lawn Heritage Foundation | \$150,000 |
| | Innomotive Solutions Group LLC | \$150,000 |
| | Launch NY | \$5,418,000 |
| | Living Green Insulation Products and Services, LLC | \$165,570 |
| | Michigan Street African American Heritage Corridor Commission, Inc. | \$250,000 |
| | Nexus Natural Gas LLC | \$570,000 |
| | OSC Manufacturing & Equipment Services, Inc. | \$750,000 |
| | PLS III LLC dba We Care Transportation Services | \$1,000,000 |
| | Visit Buffalo Niagara | \$250,000 |
| | 43North LLC | \$12,000,000 |
| | Explore and More...A Childrens Museum | \$1,700,000 |
| | Buffalo Niagara Enterprise | \$65,836 |
| | Amos Zittel & Sons | \$380,000 |
| | D'Youville College | \$400,000 |
| | Martin House Restoration Corporation | \$700,000 |
| General Mills | \$500,000 | |
| Buffalo Arts and Technology Center | \$380,000 | |
| Erie Total | | \$26,876,318 |
| Genesee | Yancy's Fancy, Inc. | \$500,000 |
| Genesee Total | | \$500,000 |
| Niagara | Aquarium of Niagara | \$1,750,000 |
| | Diversified Manufacturing, Inc. | \$450,000 |
| | Global Outreach Mission, Inc. | \$154,500 |
| | Niagara University | \$250,000 |
| | Washington Mills | \$140,000 |
| | NFIA Stakeholders Group, Inc. | \$24,750 |
| | The WNY Women's Foundation, Inc. | \$100,000 |
| | Cambria Asphalt Products | \$72,750 |
| | Borderworx Logistics, LLC | \$285,000 |
| | Tulip Manufacturing | \$1,000,000 |
| | Niagara University (II) | \$500,000 |
| | NFIA Stakeholders Group, Inc. (II) | \$90,000 |
| Niagara Total | | \$4,817,000 |
| Grand Total | | \$32,193,318 |

⁷ The companies in this list are the applicants to the Fund whose proposed projects were recommended for an award of Fund Benefits by the WNYPPAB.

⁴ The "Energy Projects (\$)" amount represents the estimated portion of each award that the WNYPPAB considers to be an "energy-related project" as defined by the Western New York Power Proceeds Allocation Act and in accordance with EDL § 189-a(6) (see footnote 2 above for more detail).

Member Elsenbeck asked why no additional deposits had been made to the Proceeds Fund.

Mr. Smith explained that the fund is made of net earnings (aggregate excess revenues) from the sale of expansion and replacement power produced at the Niagara Power Project into the wholesale energy market. Given that the wholesale market is lower than the cost of hydropower, there are no net earring produced to deposit into the Fund.

Chairman Colucci thanked Mr. Smith for the report and said that he was very pleased to see that no administrative expenses have been withdrawn from the fund to date and that the fund had an additional \$111,000 thanks to member Elsenbeck's suggestion to keep the proceeds in an interest bearing account.

4. Award of Fund Benefits from the Western New York Economic Development Fund – Round 16

Ms. Angela Rossi, Special Assistant to Regional President - Empire State Development, Western New York, submitted the following report and resolution for consideration and adoption:

“SUMMARY

The Western 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 awards of Fund Benefits be made to the following applicants identified in Exhibits “A-1”, Roger L. Urban, Inc. dba Platters Chocolates (“Platters”), and “A-2” the Niagara Falls National Heritage Area, Inc. (“NFNHA”), in the amounts indicated on such Exhibits.

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 (“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 NYPA’s 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 have been 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, or for proposed eligible expenditures to be incurred by the eligible applicant for an eligible project when NYPA has authorized advance disbursements.

At least 15% percent of the Fund is dedicated to eligible projects which are “energy-related projects, programs and services,” which is 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.”

Allocations of Fund Benefits may only be made on the basis of moneys that have been deposited in the Fund. No award may encumber funds that have not been deposited in the Fund.

2. Western New York Power Proceeds Allocation Board

Under the Act, the Allocation Board is charged with soliciting applications for Fund Benefits, reviewing applications, making eligibility determinations, evaluating the merits of applications for Fund Benefits, and making recommendations to NYPA on Fund Benefit awards. The Allocation Board uses the criteria applicable to EP, RP and PP allocations, and for revitalization of industry, 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 Regional Economic Development Council having responsibility for the region in which an eligible project is proposed.

At its meeting on March 4, 2013, 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 the Western New York Regional Director for Empire State Development ("ESD") to act on its behalf for administrative matters and along with NYPA, to provide staff services ("Staff"). Among other things, Staff was authorized to perform analyses of applications seeking Fund Benefits and to make recommendations to the Board on the applications.

3. Application Process

Initially, the Allocation Board established a series of application due dates coupled with a schedule of dates the Board expected to meet to consider applications. The program was initially 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, ESD and 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 the program is now well-known, a rolling application process is used and the Allocation Board meets regularly to consider applications for Fund Benefits.

DISCUSSION AND RECOMMENDATIONS TO THE BOARD

In this sixteenth round, the Allocation Board has before it two applications which have been made available to the Board for review. Staff analyzed the applications and is now making recommendations to the Board.

As detailed in Exhibit A-1, the Platters application seeks Fund Benefits to support a relocation to a larger facility and an expansion of its confections manufacturing capabilities. The new facility – the historic Wurlitzer building – would also incorporate a unique tourism destination at which visitors would be offered a plant tour featuring Platters staff making sponge candy and other confections using traditional methods. The project will support the retention of 15 and creation of 35 new jobs over the next four years. Platters has indicated it would expend approximately \$1,325,000 on this project.

As Exhibit A-2 explains, NFNHA's application seeks Fund Benefits to provide "hop-on, hop-off" transportation to historic/heritage/tourism destinations located between the Niagara Falls State Park and Youngstown, NY to extend visitor stays, increase local economic impact, encourage return visitation, advance tourism initiatives in WNY, cultivate strategic planning within the tourism industry and research the development of more routes. NFNHA plans to expend approximately \$1,860,368 on its project.

Based on a review of these applications and consideration of relevant Program Criteria, Staff recommends that the Allocation Board recommend to the NYPA Trustees that these applicants receive awards of Fund Benefits in the amounts indicated on Exhibits "A-1" and "A-2", respectively.

To the extent these applications propose projects 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 Exhibits "A-1" and "A-2", 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 Exhibits "A-1" and "A-2" offer 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 the applicants listed in Exhibits "A-1" and "A-2" receive an award of Fund Benefits in the amounts recommended in the Exhibits for the projects proposed.

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.

RESOLUTION

NOW THEREFORE BE IT RESOLVED, That the Western 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 the applicants listed in Exhibits "A-1" and "A-2" in the amounts recommended therein, for the reasons set forth in the attached memorandum and any attachments thereto; provided that (i) if an 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(s) 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

Roger L. Urban, Inc. dba Platters Chocolates (“Platters”)

Ms. Rossi said that staff recommends a fund benefit award of \$200,000 to Platters Chocolates, which is proposing a \$1.3 million expansion project in North Tonawanda. The company has outgrown its current 17,000 sq. ft. location and plans to relocate into a 23,000 sq. ft. facility in the historic Wurlitzer building, which will create 35 new jobs in North Tonawanda.

Upon motion made by member Elsenbeck and seconded by member Wojtaszek, the Board unanimously adopted the resolution to award fund benefits to Robert L. Urban, Inc. dba Platters Chocolates in the amount of \$200,000. (Exhibit “A-1”)

Niagara Falls National Heritage Area, Inc. (“NFNHA”)

Ms. Rossi said that staff is recommending a benefit award of \$200,000 to Niagara Falls National Heritage Area (NFNHA) for a proposed \$1.8 million tourism project to operate a trolley/bus service as a two year pilot project to provide “hop-on, hop-off” transportation to historic/heritage/tourism destinations located between the Niagara Falls State Park and Youngstown, NY in order to extend visitor stays, increase economic impact for businesses and communities by encouraging tourism spending, provide additional amenities to encourage return visitation, collect visitor data to advance tourism initiatives in WNY and cultivate a culture of strategic planning within the tourism industry and research the development of more routes.

Upon motion made by member McDufflie and seconded by member Brennen, the Board unanimously adopted the resolution to award fund benefits to Niagara Falls National Heritage Area, Inc. in the amount of \$200,000. (Exhibit “A-2”)

5. **Next Meeting and Adjournment**

Chairman Colucci stated that the next meeting of the Board is scheduled for September 6, 2016 at 10:00 a.m. at the Niagara Power Project – Power Vista Visitors’ Center. He stated that if members have no additional business, he would entertain a motion to adjourn.

Member Elsenbeck said he was concern about 43 North’s business plan and its ability to sustain itself. He requested sustainability information prior to receiving a new request for funding from 43 North.

Chairman Colucci encouraged members of the Board to reach out to staff with their questions and tasked staff with communicating members’ questions and concerns to 43 North prior to returning to the Board.

Upon motion, duly made and seconded, the meeting was adjourned at 5:00 p.m.

EXHIBIT A-1

| | | | |
|-------------------|---|--------------|------------------|
| Applicant Name: | Roger L. Urban, Inc. dba Platters Chocolates ("Platters") | REDC Region: | Western New York |
| Project Type: | Business Investment | County: | Niagara |
| Industry: | Candy Manufacturing | Locality: | Niagara Falls |
| Amount Requested: | \$200,000 | Start Date: | April 2016 |
| | | Finish Date: | October 2016 |

RECOMMENDED OFFER

| | |
|--------------------------------|-------------|
| Recommended Total Award: | \$200,000 |
| Total Project Cost: | \$1,325,000 |
| % of Project Cost Recommended: | 15% |

PROJECT BUDGET (Proposed by Applicant)

| Use of funds | Amount | Source of Funds | Amount |
|----------------------------|--------------------|---------------------------------|--------------------|
| Planning/feasibility Study | \$150,000 | WNY EDF | \$200,000 |
| Construction/Renovation | \$550,000 | M & T Bank | \$650,000 |
| Machinery + Equipment | \$450,000 | Niagara EDF | \$250,000 |
| Furniture & Fixtures | \$175,000 | Cash Equity | \$135,000 |
| | | NYS Office of Community Renewal | \$90,000 |
| Total: | \$1,325,000 | Total: | \$1,325,000 |

REGIONAL IMPACT MEASUREMENTS

| | |
|-------------------------|---|
| Job Commitments: | Applicant will retain 15 full time equivalents ("FTE") and create 35 FTE positions over four years. |
| Average Salary of Jobs: | \$27,000 |
| Indirect Jobs Created | |
| Other Impact | |

PROJECT DESCRIPTION (Adapted from Application)

The applicant operates a chocolate manufacturing business known as Platters Chocolates. The company has outgrown its current 17,000 sq. ft. location and plans to relocate into a 23,000 sq. ft. facility in the historic Wurlitzer building where it will incorporate into its business a unique tourism destination to attract a portion of the annual Niagara Falls visitors. Guests will be offered a plant tour featuring Platters staff making sponge candy and other confections using traditional methods. The Wurlitzer building is the site where Wurlitzer Organs and Jukeboxes were once produced, which will add to the attractiveness of the project as a tourist destination.

A key aspect of the expansion will be to incorporate climate control equipment to expand the candy-making season. At present, the applicant cannot make good chocolate in humid weather, except for fudge, which compels it to shut down chocolate lines in the summer. The project will allow the company to expand chocolate production while accommodating tours thereby requiring the addition of 35 new jobs over the next four years.

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

| | | | |
|-------------------|---------------------|----------------------------------|-----------------------------|
| ESD: | \$175,000 Excelsior | NYS Office of Community Renewal: | \$90,000 |
| Niagara EDF Loan: | \$250,000 | Other: NCIDA | \$36.4K sales tax exemption |

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

| TYPE | AMOUNT | STATUS |
|---|--------|--------|
| N/A | \$ | |
| BASIS FOR RECOMMENDATION | | |
| <p>Since, 2013 Platters has grown revenue to over \$1 million dollars. Platters has reached capacity at its current location (954 Oliver Street in North Tonawanda). In order to maintain the company's current growth and accommodate future growth, Platters plans to add a second production line to manufacture chocolate. Currently, the company has one production line used to manufacture the company's fine chocolate or run sponge candy. The ability to run sponge candy all the time requires the addition of a second line, cooling tables and melters. Platters must also purchase a detailer machine that will identify chocolates and sponge candy that contains peanut butter or nuts to expand to private label and wholesale markets. The new location at the Wurlitzer Building allows Platters to grow from roughly 17,000 square foot to 23,000 square foot and to expand production, create efficiencies and accommodate requests for tours. Platters is also differentiating its products by branding a "Gotta (heart) Buffalo" line of chocolates and working to make WNY the Sponge Candy Capital of the World, which will be facilitated by expanded production capacity.</p> <p>An award of fund benefits will allow Platters to locate to a new a factory that will accommodate tours, increase wholesale production, allow for expanded brand name recognition and add jobs.</p> <p>Given Platters' recent acquisition of Ko-ed Candies in 2014 and current debt, an award of fund benefits to support the purchase of machinery and equipment appears necessary in order for project completion to be fulfilled.</p> | | |
| ANTICIPATED DISBURSEMENT TERMS | | |
| <p>Fund Benefits would be used to reimburse the applicant for a portion of costs associated with new machinery and equipment. It is anticipated that funds will be disbursed in arrears in a manner proportionate to the total for eligible expenses. 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 \$1.3 million and is compliant with yearly job commitments.</p> | | |

EXHIBIT A-2

| | | | |
|---|--|--|--------------------|
| Applicant Name: | Niagara Falls National Heritage Area, Inc. ("NFNHA") | REDC Region: | Western New York |
| Project Type: | Tourism/Marketing | County: | Niagara |
| Industry: | Tourism | Locality: | Niagara Falls |
| Amount Requested: | \$200,000 | Start Date: | May 2016 |
| | | Finish Date: | October 2017 |
| RECOMMENDED OFFER | | | |
| Recommended Total Award: | \$200,000 | | |
| Total Project Cost: | \$1,860,368 | | |
| % of Project Cost Recommended: | 11% | | |
| PROJECT BUDGET (Proposed by Applicant) | | | |
| Use of funds | Amount | Source of Funds | Amount |
| Trolley Lease Costs | \$1,186,668 | WNY EDF | \$200,000 |
| Bike Racks | \$10,000 | Committed: | |
| Program Administration | \$216,000 | NYPA | \$500,000 |
| Long Term Business Planning | \$10,000 | Niagara Tourism & Convention Corp. | \$100,000 |
| Two Year Marketing Costs | \$437,700 | NYS Parks | \$400,000 |
| | | USA Niagara | \$120,000 |
| | | Niagara University | \$30,000 |
| | | Cash Equity | \$100,000 |
| | | Potential: | |
| | | Day Pass Revenues | \$120,000 |
| | | Assembly Member Item | \$100,000 |
| | | City of Niagara Falls | \$50,000 |
| | | Town of Niagara | \$50,000 |
| | | Town of Lewiston | \$50,000 |
| | | Niagara County | \$30,000 |
| | | Youngstown | \$30,000 |
| | | Less: Allowance for Funding Rejections | (\$19,632) |
| Total: | \$1,860,368 | Total: | \$1,860,368 |
| REGIONAL IMPACT MEASUREMENTS | | | |
| Job Commitments: | The Funding Track under which the application was submitted does not require job-related impact. | | |
| Average Salary of Jobs: | N/A | | |
| Indirect Jobs Created | | | |
| Other Impact | | | |
| PROJECT DESCRIPTION (Adapted from Application) | | | |
| NFNHA proposes to operate a trolley/bus service as a two year pilot project to provide "hop-on, hop-off" transportation to historic/heritage/tourism destinations located between the Niagara Falls State Park and Youngstown, NY in order to extend visitor stays, increase economic impact for businesses and communities by encouraging tourism spending, provide additional amenities to encourage return visitation, collect visitor data to advance tourism initiatives in WNY and cultivate a culture of strategic planning within the tourism industry and research the development of more routes. | | | |
| OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED (See Above) | | | |

| | | | |
|--|---------------|---------------|--|
| ESD: | N/A | | |
| IDA: PILOT, Sales Tax & Mortgage Recording: | N/A | | |
| PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED | | | |
| TYPE | AMOUNT | STATUS | |
| ESD | \$ | Closed | |

| |
|---|
| BASIS FOR RECOMMENDATION |
| <p>The objective of the NFNHA is to enhance public appreciation for the significant historic and natural resources and landscapes offered by the Niagara region. It looks to make interpretive, environmental, economic and social improvements that benefit residents and visitors alike. In pursuing its mission, the NFNHA encourages historic preservation, recreational access and environmental recovery.</p> <p>According to the U.S. Office of Travel and Tourism, heritage/cultural based sightseeing is among the fastest growing segments of the tourism industry. Approximately 8 million people visit the Niagara Falls State Park annually. However, research has shown that many rarely venture beyond the Park’s perimeter and it is believed this is primarily due to transportation constraints. Current transit service in the Niagara Gorge corridor is limited and provides only continuous travel options accompanied by narration. There presently is no opportunity for passengers to disembark to further explore locations of interest secure in the knowledge that shuttles will reliably arrive at twenty-minute intervals to provide return transportation.</p> <p>Over the last decade, various studies have reinforced the importance of creating reliable and efficient tourist-oriented shuttle service to enable visitors to enjoy the full range of natural resources available along the entire Niagara Gorge corridor. These studies include the:</p> <ul style="list-style-type: none"> • Niagara Falls Multi-Modal Transportation Program (2005); • Niagara County Transit Restructuring Study (2006); • Concept study for an “Explore Niagara” trolley produced by Niagara University with funding from Assemblyman John Ceretto (2009), and; • Management Plan for the NFNHA (2012). <p>The project would also contribute to cutting carbon emissions by reducing motor vehicle traffic and providing bike racks to allow cyclists to explore stop-over areas within the tour route.</p> |
| ANTICIPATED DISBURSEMENT TERMS |
| <p>Fund Benefits could be used to reimburse the applicant for a portion of the costs associated with the annual lease costs for the trolley. A portion of the funds could be dispersed in advance, with the balance distributed in arrears as evidenced by such documentation NYPA may require verifying project start and completion and applicant expenditures.</p> |

EXHIBIT B

Criteria adapted from the Western NY Power Proceeds Allocation Board's
"Procedures for the Review of Applications for Fund Benefits"

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.¹ 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.
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- Foster entrepreneurship and new business formation and growth. Designing a plan that brings new technologies and/or products to the marketplace, increases new startups 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.
 - 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.
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¹ 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.

- 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.² 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.
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.

² 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.

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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