

WESTERN NEW YORK POWER PROCEEDS ALLOCATION BOARD

MINUTES

April 27, 2015 – 3:00 P.M.

Niagara Power Project Power Vista (Visitor's Center)
5777 Lewiston Road
Lewiston, NY 14092

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

Board Members Present:

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

NYPA Staff Present:

Karen Delince	Corporate Secretary (<i>via video in White Plains</i>)
Melinda Li	Senior Attorney II (<i>via video in White Plains</i>)
Lou Paonessa	Director – Community Affairs, Western NY
Carol Sampson	Community Relations Representative II
Richard Smith	Business & Project Development Director
Mark Nachreiner	Real Time Systems Engineer II – Operations Technology
Valerie Venuti	Administrative Assistant (<i>via video in White Plains</i>)

ESDC Staff Present:

Chris Schoepflin	Western New York Regional Director
Angela Rossi	Special Assistant to Regional President
Laura McGee	Public Affairs Deputy Director

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 3:15p.m.

1. **Adoption of the April 27, 2015 Proposed Meeting Agenda**

Member McDuffie made a motion to adopt the April 27, 2015 meeting agenda. The motion was seconded by member Elsenbeck. 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. Member Elsenbeck indicated a conflict with Buffalo Niagara Enterprise.

2. **Adoption of the February 2, 2015 Meeting Minutes**

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

Upon motion made by member McDuffie and seconded by member Wojtaszek, the February 2, 2015 meeting minutes were unanimously adopted.

3. **Fund Balance Update**

Mr. Richard Smith submitted the following April 2015 Western New York Economic Development Fund Update report:

The Fund	
Total Funds Deposited:	\$41,031,000
Total Interest Earned on Deposits to Date:	\$77,747
Total Funds Deposited:	\$41,108,747
Expenditures	
Total Administrative Expenses Withdrawn:	\$0
Disbursements to Grantees:	(\$5,921,875)
Total Expenditures:	(\$5,921,875)
Current Fund Balance:	\$35,186,872
Awards	
Total Funds Deposited:	\$41,108,747
Standard Projects:	\$22,319,412
Energy Related Projects:	\$3,394,355
Total Fund Benefits Awarded:	\$25,713,767
Total Fund Benefits Available to be awarded by the WNYPPAB4:	\$15,394,980
Energy-Related Projects	
Minimum Amount (15%) of the Fund Dedicated to Energy-Related Projects:	\$6,154,650
Total Awards (10%) Made for Energy-Related Projects to Date (not including today):	\$3,394,355
Fund Benefits Currently Available to be Awarded for Energy-Related Projects Only:	\$2,760,295
Today's Recommendations	
Standard Projects:	\$65,836
Energy-Related Projects or Project Components:	\$72,750
Total Recommendations Before the WNYPPAB Today:	\$138,586
Expansion Power ("EP") and Replacement Power ("RP") Summary	
Estimated Unallocated EP and RP to Date (MW):	40
Estimated Allocated but Unused Hydropower to Date (MW):	45
Total Estimated Unutilized EP and RP to Date (MW):	85

Chairman Colucci thanked Mr. Smith for the report.

In response to a question from member Elsenbeck, Mr. Smith said the interest earned is generated by the fund itself and is guided by the Authority's investment guidelines.

In response to a question from member McDuffie, Chairman Colucci said his recollection of Counsel's evaluation of "eligibility" is that the physical location of the project is extremely important in meeting the definition for funding and opined that the applicant may have listed Niagara County as the project's location since the training program is at Niagara Community College. He added that the project is within the required thirty-mile radius.

**4. Award of Fund Benefits from the Western New York
Economic Development Fund – Round 11**

Mr. Christopher Schoepflin, ESDC's Special Assistant to the Regional President, 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 applicants identified in Exhibit "A" ("Buffalo Niagara Enterprise, Inc.") ("BNE"), and Exhibit "B" ("Cambria Asphalt Products, Inc.") ("CAP") 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 "D" 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 through the end of 2015 on which dates the Board expected to 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, 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.

In this eleventh round, the Allocation Board has before it four applications. Staff analyzed the applications and is now making recommendations to the Board on these applications.

DISCUSSION AND RECOMMENDATIONS TO THE BOARD

Staff has reviewed the applications received during the eleventh solicitation round, and is making the following recommendations to the Board.

1. Recommendations for Awards of Fund Benefits

The BNE application indicates that the total amount to be expended on the project by the applicant is approximately \$241,919.

The CAP application is being submitted under the "Business Investment" funding track. The application indicates that the total amount to be expended on the project is approximately \$606,000.

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 the applications receive an award of Fund Benefits in the amount indicated on Exhibit "A" and Exhibit "B".

Staff has been advised that CAP's application may propose 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. Staff recommends that any affirmative recommendation by the Board for such project 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.

2. Applications for Future Consideration

The Board is also requested to defer the applications listed on Exhibit "C" for future consideration to allow staff more time to evaluate them.

PROJECT STATUS

Under the Act, recommendations for Fund Benefits by the Allocation Board are 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" and Exhibit "B", Staff is not in a position to recommend definitive terms and conditions that should be included in any Board recommendation for an award, but the Exhibits do list some potential terms and conditions for NYPA's consideration. It is anticipated that NYPA staff, in consultation with 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:

1. Recommend to the NYPA Board of Trustees that the applicants listed in Exhibit "A" and Exhibit "B" receive an award of Fund Benefits in the amounts recommended in the Exhibits for the projects proposed; and
2. Defer consideration of the applications listed in Exhibit "C" for a later time.

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

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") grant an award of Fund Benefits to the applicants listed in Exhibit "A" and Exhibit "B" in the amounts recommended therein, for the reasons set forth in the attached memorandum and the 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 the Allocation Board hereby finds and determines that the applications listed on Exhibit “C” will be deferred for consideration at a later time; 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 of Fund Benefits Buffalo Niagara Enterprise, Inc.

Mr. Christopher Schoepflin presented the allocation recommendation to the Board. He said staff recommends an award of fund benefits be given to Buffalo Niagara Enterprise (“BNE”) for the completion of the 2015 comprehensive labor market study.

Member McDuffie said that the recommendation is critical to the goal and mission of the Board which is to promote economic opportunities as well as to bring in new companies that are able to contribute to, and prepare for, future labor supply within the region; therefore she is pleased that the Board has recommended the approval of the project.

Upon motion made by member McDuffie and seconded by member Brennen the Board adopted the resolution regarding the allocation to Buffalo Niagara Enterprise, Inc. (Exhibit “A”) with member Elsenbeck abstaining.

b. Recommendation for Award of Fund Benefits to Cambria Asphalt Products, Inc.

Mr. Christopher Schoepflin presented the allocation recommendation to the Board. In response to a question from member Brennen, Mr. Smith said the decision on whether to partially or fully fund a project is made using a model taking certain factors into account such as the historical awards recommended by the Board; the type of business, including the number of jobs created and average salaries; the type of project and what "Track" it falls under, for example, if a "Business Investment" Track, which is measured differently from all the other Tracks that are not associated with job creation. He continued that all the factors are weighed against the historical awards and is used to calculate a "suggested award amount" after which staff has discussions with the Empire State Development Corporation in order to determine an appropriate award recommendation. In response to further questioning from member Brennen, Mr. Smith said staff also takes into consideration whether the applicant has been to any other state agencies for funding. In response to still further questioning from member Brennen, Mr. Smith said BNE is under the "Other or Workforce Development" Track and no job creation is associated with those Tracks. Also, BNE's financial statements showed net operating losses of 5% - 10% for the past four years, an indication of the need to support a full request as opposed to Cambria Asphalt which showed profitability in its operations with \$1 million in its operating account and the ability to secure other means of financing, including a bank line of credit, for their project. He ended by saying that all factors were considered internally and a "suggested award" is then recommended for the Board's consideration. The Board has the discretion to determine the appropriate amount to award. Ms. Rossi added that BNE is a not-for-profit organization so, conventionally, the company would not have the available cash. The company also said it would not be able to complete the study without the funding.

In response to further questioning from member Brennen, Mr. Smith said that from a telephone conversation with NYSEG earlier, NYSEG indicated that if another company comes on its line in the next ten years, then Cambria Asphalt could be reimbursed for their investment in the pipeline. Mr. Smith opined that the reimbursement to Cambria Asphalt could be a proportional amount based on time and usage and he would find out if NYSEG is required to make the reimbursement and report to the Board.

Chairman Colucci expressed the view that the Board should remain consistent in its consideration of each application and that the formula articulated by staff should yield the same results. In response to Chairman Colucci's concern, Mr. Smith confirmed that the rating system the Board adopted and which is included in the application materials that the Board reviews is consistent with the formula used to weigh the various factors. Chairman Colucci said since the applicant scored 70 out of a score of 100, he did not intend to hold up the application, unless the Board as a whole decides to do so, nor does he feel constrained by staff's recommendation to limit it to the amount if the Board decides to move for a greater amount, which is within its authority.

In response to the concerns expressed by Chairman Colucci, Mr. Smith reiterated that staff's recommendation was discussed and reviewed with the Empire State Development Corporation. He said the two projects on the agenda are on different Tracks and are therefore measured differently; so over the whole course of the approval/recommendation process, there is very little deviation. Staff strives to eliminate the deviations to make sure there is some justification behind how they arrive at those numbers while taking the history of the program into account.

In response to a question from member Deanna, Mr. Smith said staff explains to the applicants that it is not up to staff what the Board will approve; the Board has discretion in terms of what they will recommend for an award; therefore the applicants' expectation is that they may not get the full amount they request.

In response to a concern expressed by member Elsenbeck, Mr. Smith said from follow-up discussions with the company, Mr. Biamonte confirmed that the company is the only hot asphalt company in Western New York using waste oil. Member McDuffie added that the Board's award will help the company improve air quality as well as potential emissions in the community. She added that she had requested that staff check and make sure that there were no relative environmental issues of violations by EPA or any other agencies; Mr. Smith confirmed that there were no issues of violations by EPA or any other agencies.

In response to a question from member Elsenbeck, Mr. Smith confirmed that 15% of the fund is allocated to energy related projects.

Upon motion made by member McDuffie and seconded by member Wojtaszek, staff's recommendation of an award to Cambria Asphalt Products, Inc. in the amount of \$72,750 was approved by the Board with member Elsenbeck abstaining; none opposed.

c. Recommendation for Further Analysis

Ms. Rossi presented highlights of the three projects that were deferred for further analysis. She said since the last Board meeting, one of the applicants, Entecco, withdrew its application; however, the company has indicated that it plans to submit a new application for another project. Ms. Rossi continued that staff is working with the other two applicants on their submissions. Staff is waiting on an approved budget from the Center of Employment Opportunities and it is too early to make a determination regarding the Buffalo and Erie County Development Corporation's application for its Bethlehem Steel project.

Upon motion made by member Brennen and seconded by member Elsenbeck the Board unanimously adopted a motion to defer the following applications for future consideration to allow staff more time to evaluate them. (Exhibit "C"):

- *Center for Employment Opportunities "CEO"*
- *Buffalo and Erie County Development Corporation (Bethlehem Steel)*

5. **Next Meeting and Adjournment**

Chairman Colucci said the next meeting of the Board is scheduled for June 22, 2015 at 3:00 p.m. at a location to be determined.

Upon motion, duly made and seconded, the meeting was unanimously adjourned at 3:47 p.m.

EXHIBIT A

Applicant Name:	Buffalo Niagara Enterprise, Inc.	REDC Region:	WNY
Project Type:	Other-Workforce Study	County:	Erie
Industry:	Not-for-Profit	Locality:	City of Buffalo
Amount Requested:	\$65,836	Start Date:	July 2015
		Finish Date:	March 2016
RECOMMENDED OFFER			
Recommended Total Award:	\$65,836		
Total Project Cost:	\$241,919		
% of Project Cost Recommended:	27 %		
PROJECT BUDGET- Each component below includes costs related to production, project management and administrative support.			
Use of funds	Amount	Source of Funds	Amount
Availability of Labor	\$21,385	Potential: National Grid	\$120,000
Quality of Labor	\$26,665	Potential: BUDC	\$28,042
Workforce development	\$49,567	Potential: Buffalo Building Trades	\$28,041
Skills Gap	\$21,385	WNYPPAB	\$65,836
Underemployment	\$44,451		
Labor/ Management Relations	\$42,395		
Payroll Costs	\$19,241		
Other Labor Costs	\$16,830		
Total:	\$241,919	Total:	\$241,919
REGIONAL IMPACT MEASUREMENTS			
Number of Jobs Retained:	0		
Number of Jobs Created:	0		
Average Salary of Jobs:	N/A		
Indirect Jobs Created:	0		
Other Impact:	The project will identify strengths, skill sets, costs etc. in the regional labor market that can be promoted for the attraction of firms to the area. The goal of the project is to better position the region to meet the challenges of the future through a well-trained labor force.		
PROJECT DESCRIPTION (Adapted from Application)			
In 2010, the Buffalo Niagara Enterprise, Inc. ("BNE") released a comprehensive labor market study called <i>Buffalo Niagara 2010 Who's Your Economy?</i> The six-month study was conducted by the University of Buffalo Regional Institute ("UBRI") and assessed the region's labor market to yield insights on strategies for attracting new businesses to the region, improving workforce training and aligning labor supply and demand. This project will update and expand upon the body of work completed in 2010 with a focus on emerging trends and developments, implications for labor demand, workforce readiness, regional economic competitiveness and growth. This work will engage experts and stakeholders representing employers, workforce development groups, organized labor and human resources, to provide insights on scope and research approach.			

Headquartered in Buffalo, the geographic scope of BNE's work will be the eight counties of Western New York, with an in-depth look at county-by-county comparisons for selected analyses, including differences in labor force size and composition, workforce skill and educational attainment levels, the generation of new labor, wages and other payroll costs.

More broadly, the study will include the following key components:

- Availability of Labor
- Quality of Labor
- Workforce Development
- The Skills Gap
- Underemployment
- Labor/Management Relations
- Payroll and Other Costs

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED

ESD:	\$ N/A	NYPA:	\$ N/A
IDA:	\$ N/A	Other: N/A	\$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED

TYPE	AMOUNT	STATUS
ESD: For 12 other projects (2000-2009)	\$3,282,000	Closed

BASIS FOR RECOMMENDATION

The availability of current and local labor data is critical when responding to labor related questions from prospective companies. BNE uses labor data in nearly every attraction project the organization manages. Because BNE makes the information available on its website, it has realized hundreds of page views for the 2010 UBRI study since July 2013. The 2010 edition of the UBRI study was also cited in a report done by The Partnership for the Public Good, Cornell University College of Architecture, Art, and Planning and the Buffalo Municipal Housing Authority.

An updated labor market assessment will provide workforce development organizations an in-depth analysis of short and long-term job projections by target industry, the number of graduates the region's schools produce to fill these jobs, potential gaps that exist between demand for labor and supply, and typical career pathways for the region's seven high-growth target industries. It will also provide the number underemployed workers in the region, and demonstrate the kinds of skills, educational levels and experience such workers offer potential employers. This information will allow workforce development organizations to determine what types of training will be necessary for the region's workforce to fill the jobs expected in the future.

DISBURSEMENT TERMS

It is anticipated that Fund Benefits would be used to reimburse the applicant for the Skills Gap (\$21,385) and Underemployment (\$44,451) sections of a new labor market study. (The Underemployment section was last updated in 2006 and funded by NYS at a cost of \$100,000). Funds would be disbursed in lump sum as reimbursement upon project completion and as evidenced by attainment of a final copy of the Regional Labor Market Assessment, a final copy of the Wage and Salary Report and other documentation verifying project expenditures of approximately \$241,919.

EXHIBIT B

Applicant Name:	Cambria Asphalt Products, Inc.	REDC Region:	WNY
Project Type:	Business Investment	County:	Niagara
Industry:	Manufacturing	Locality:	Town of Cambria
Amount Requested:	\$121,200	Start Date:	June 2015
		Finish Date:	August 2015
RECOMMENDED OFFER			
Recommended Total Award:	\$ 72,750		
Total Project Cost:	\$ 606,000		
% of Project Cost Recommended:	12%		
PROJECT BUDGET-			
Use of funds	Amount	Source of Funds	Amount
Installation of pipeline to CAP's property	\$531,000	Committed: NYSEG	\$21,000
Installation of metering & connection to M & E	\$ 75,000	Committed: Cambria Asphalt	\$151,500
		Potential: M& T Line of Credit	\$312,300
		WNYPPAB	\$121,200
Total:	\$606,000	Total:	\$606,000
REGIONAL IMPACT MEASUREMENTS			
Number of Jobs Retained (Cambria Asphalt Products, Inc.):	2		
Number of Jobs Created (Cambria Asphalt Products, Inc.):	1		
Number of Jobs Retained (Shelby Stone Trucking - affiliate):	4		
Average Salary of Jobs:	\$42,485		
Indirect Jobs Created:	0		
Other Impact:			
PROJECT DESCRIPTION (Adapted from Application)			
Cambria Asphalt Products, Inc. (CAP) is a produces hot mix asphalt products for the greater Niagara County Area. CAP supplies high quality asphalt roadway products to local municipalities and contractors. CAP currently uses high cost, low efficiency waste oil as a heating fuel to dry stone aggregate for producing hot mix asphalt. CAP plans to install a new natural gas pipeline to its Lockport Junction Road facility that will permit the company to: • Lower costs to produce hot mix asphalt, making CAP more price competitive; • Replace difficult to source waste oil with more abundant natural gas, which may reduce lost sales opportunities when waste oil supplies are low; • Improve plant emissions. The project will consist of pipeline installation across a number of properties to CAP's facility, and costs related to metering and connection to the company's machinery and equipment.			
OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			
ESD:	\$ N/A	NYPA:	\$ N/A
IDA:	\$ N/A	Other: N/A	\$

PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED		
TYPE	AMOUNT	STATUS

BASIS FOR RECOMMENDATION
The profitability of small manufacturing companies is strongly dependent on the efficiency of operations. The project that has been proposed by CAP is expected to lower production costs, thus improving the company's competitiveness. CAP is among the few hot mix asphalt producers in WNY not currently using natural gas as a heating element. The proposed pipeline would serve to enhance productivity and growth potential, create sustainability, and ultimately increase profits. As natural gas burns cleaner than waste oil, the project will also help reduce emissions. Finally, the project will support the creation and retention of jobs in WNY.
DISBURSEMENT TERMS
It is anticipated that Fund Benefits would be used to reimburse the applicant for a portion of costs associated with the installation of pipeline to CAP's property. Funds would be disbursed in lump sum as reimbursement upon project completion, as evidenced by documentation verifying (i) project completion, (ii) project expenditures of approximately \$606,000, and (iii) the retention of six jobs and the creation of one job.

Exhibit C

Western NY Power Proceeds Allocation Board Applications Deferred for Further Analysis

Line	Business	Classification
1	Center for Employment Opportunities "CEO"	Deferred for further analysis
2	Buffalo and Erie County Development Corporation (Bethlehem Steel)	Deferred for further analysis

EXHIBIT D

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.
- 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.

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.

- 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.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.
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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.

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.
 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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