



Northern NY Power Proceeds Allocation Board

**November 14, 2018 – 3:00 P.M.
NYPA's St. Lawrence-FDR Power Project
Frank S. McCullough, Jr. Hawkins Point Visitors Center
Conference Room
21 Hawkins Point Road
Massena, New York 13662**

PROPOSED SPECIAL AGENDA

- 1. Adoption of the November 14, 2018 Proposed Special Meeting Agenda**
- 2. Adoption of the October 10, 2018 Meeting Minutes**
- 3. Fund Update**
- 4. Award of Fund Benefits from the Northern New York Economic Development Fund – Round 6**

OTHER BUSINESS

- 5. Next Meeting**

NORTHERN NEW YORK POWER PROCEEDS ALLOCATION BOARD

MINUTES

October 10, 2018 – 3:00 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

Table of Contents

<u>Subject</u>	<u>Page No.</u>
Opening Remarks	3
1. Adoption of the October 10, 2018 Proposed Meeting Agenda -Conflicts	4
2. Adoption of the August 9, 2018 Meeting Minutes	5
3. Fund Update (Richard Smith)	6
4. Award of Fund Benefits from the Northern New York Economic Development Fund – Round 5 (Patricia Wilson)	8
5. Adoption of 2019 Meeting Schedule	15
6. Next Meeting	16

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

Board Members Present:

Theresa Phalon
Roger Sharlow
Ian Maxwell

Board Members Excused:

Patrick Kelly
Robert McNeil

NYPA Staff Present:

Karen Delince	Corporate Secretary (<i>via video in White Plains</i>)
Patricia Wilson	Northern New York Project Manager
Richard Smith	Business & Project Development Director
Karen White	Manager Community Relations, Northern New York

Opening Remarks

Member Sharlow (who was moderating the meeting in Chairman Kelly's absence) 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 3:00 p.m.

1. **Adoption of the October 10, 2018 Proposed Meeting Agenda**

Member Phalon made a motion to adopt the October 10, 2018 meeting agenda. The motion was seconded by member Maxwell. The agenda was unanimously adopted.

Conflicts of Interest

Member Sharlow stated that members were polled prior to the meeting regarding possible conflicts of interest and there were none.

2. Adoption of the August 9, 2018 Meeting Minutes

Member Sharlow asked whether there were any amendments to the Minutes. Upon motion made by member Maxwell and seconded by member Phalon, the August 9, 2018 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		As of August-18
The Fund		
<i>this</i>	Total Deposits to the Fund to Date:	\$3,625,000
<i>plus</i>	Total Interest Earned on Deposits to Date:	\$36,547
=	Total Funds Deposited:	\$3,661,547
Expenditures		
<i>this</i>	Total Funds Deposited:	\$3,661,547
	Total Administrative Expenses Withdrawn:	\$0
	Disbursements to Grantees:	(\$140,000)
<i>plus</i>	Total Expenditures:	(\$140,000)
=	Current Fund Balance:	\$3,521,547
Awards		
<i>this</i>	Total Funds Deposited:	\$3,661,547
	Standard Projects:	\$1,300,000
	Energy Related Projects ² :	\$0
<i>minus</i>	Total Fund Benefits Awarded³:	\$1,300,000
=	Total Fund Benefits Available to be awarded by the NNYPPAB⁴:	\$2,361,547
Energy-Related Projects		
<i>this</i>	Minimum Amount (15%) of the Fund Dedicated to Energy-Related Projects:	\$543,750
<i>minus</i>	Total Awards (0%) Made for Energy-Related Projects to Date (not including today):	\$0
=	Fund Benefits Currently Available to be Awarded for Energy-Related Projects Only:	\$543,750
Today's Recommendations		
<i>this</i>	Standard Projects:	\$279,905
<i>plus</i>	Energy-Related Projects or Project Components:	\$0
=	2 Total Recommendations Before the NNYPPAB Today:	\$279,905
St. Lawrence County Economic Development Power ("SLCEDP")		
	Total Estimated Unallocated SLCEDP Available to Generate Net (MW)⁵:	20

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.

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.

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 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 Unutilized St. Lawrence County Economic Development Power ("SLCEDP") consists of an estimate of unallocated hydropower. For the first five year 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.

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
St. Lawrence Total			\$1,300,000
Grand Total			\$1,300,000

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 awards of Fund Benefits be made to Queenaire Technologies, Inc. ("Queenaire") and St. Lawrence County Chamber of Commerce, Inc. ("SLC Chamber"). The applicants' projects and the amount of the awards being recommended are discussed below and in Exhibit "A-1" and "A-2", respectively.

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 projects 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 two applications, which have been made available for Board review. Staff analyzed the applications and is now making recommendations to the Board regarding each application.

As detailed in Exhibit "A-1", the Queenaire application seeks Fund Benefits to support a building expansion, the purchase of machinery and equipment, and reimbursement of other costs related to its proposed project to develop a new product line. The applicant indicates that as part of the project it would create 6 full time positions over three years and spend approximately \$298,000 on this project.

As detailed in Exhibit "A-2", the SLC Chamber application seeks Fund Benefits to support the creation of a Tourism and Events Division. The Division would be used to coordinate existing tourism-related events and leverage them to create new events focused on year round recreational tourism prospects presented by the County's natural resources. Project costs include event and tournament productions and other soft costs. The applicant indicates that as part of the project that applicant would create 1 full time position over 3 years and spend approximately \$1.1M on this 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 an award of Fund Benefits in the amount indicated on Exhibits "A-1" and "A-2".

To the extent these applications propose 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 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 Queenaire receive an award of Fund Benefits in the amount proposed in Exhibit "A-1", and the SLC Chamber receive an award of Fund Benefits in the amount proposed in Exhibit "A-2".

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 Northern New York Power Proceeds Allocation Board ("Allocation Board") hereby recommends that the Power Authority of the State of New York ("NYPA") make an awards of Fund Benefits to Queenaire Technologies, Inc. and St. Lawrence County Chamber of Commerce, Inc. in the amounts recommended in Exhibit "A-1", and Exhibit "A-2", respectively, for the reasons set forth in the attached memorandum and any attachments thereto; provided that (i) if the applications propose projects that must receive approvals and/or comply with other legal requirements, such as the State Environmental Quality Review Act, before they may proceed, the recommendations for such applications 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**

Queen Air Technologies, Inc. ("Queenaire") (Exhibit A-1)

Patricia Wilson, Northern New York Project Manager, stated that Staff recommends an award benefit of \$59,600 to Queen Air Technologies, Inc. ("Queenaire") which will aid in the company's expansion of their Lisbon facility, by nearly 3000 square feet. Queenaire's new project, which will alleviate the use of chemicals to clean surfaces and fabrics, involves harnessing the use of ozone, which is then injected into tap water.

Presently, Queenaire sells ozone-based cleaning equipment to both domestic and international clients. The total project cost will cover a variety of expenses, including but not limited to, equipment purchases and customer service training. The new project line will generate six new full-time positions.

Aspects to support the fund recommendation of this project include helping a local manufacturing firm and supporting export activities to boost economic growth. Additionally, Queenaire intends to hire local contractors for the expansion.

Upon motion made by member Phalon and seconded by member Maxwell, the Board adopted the resolution to award fund benefits to Queen Air Technologies, Inc., in the amount of \$59,600. (Exhibit "A-1")

b. Recommendation for Award

St. Lawrence County Chamber of Commerce, Inc. ("SLC Chamber") (Exhibit A-2)

Patricia Wilson, Northern New York Project Manager, stated that Staff recommends an award benefit of \$220,305 to the St. Lawrence County Chamber of Commerce, Inc. ("SLC Chamber") which will increase tourism activity and development through the creation of a tourism events division.

The three-year, \$1.1 million project, will fortify the economy by drawing tourists for a greater length of stay, who will also patronize local establishments including restaurants, hotels, and nearby attractions. Additionally, it encompasses two recommendations from a previous St. Lawrence County economic development strategy: one was to build upon the region's natural assets and the other to enhance the local thoroughfares to attract sightseers.

This venture will establish a strategy to increase tourism, revenue and is aligned with the marketing plan endorsed by the North Country Regional Council and Empire State Development.

Member Phalon inquired if there was a plan to sustain the program (beyond the Board's subsidy) to which Ms. Wilson responded that the intent is to hire a coordinator to seek out additional funding sources. Furthermore, the county could receive a higher occupancy tax through lodging.

Member Sharlow raised the question, that if the project could not secure other sources of funding as planned, what role would the Authority potentially assume, to which Mr. Smith clarified that the applicant would have to submit proof of other funding (e.g. occupancy tax) in the second and third year before the Authority would release the subsequent installments of their grant. If, in fact, the county could not offer the occupancy tax allowance, Mr. Smith explained that they would be able to amend the agreement in order to work with the applicant and ensure the project would continue.

Upon motion made by member Maxwell and seconded by member Phalon, the Board adopted the resolution to award fund benefits to St. Lawrence County Chamber of Commerce, Inc. in the amount of \$220,305. (Exhibit "A-2")

5. **Adoption of the 2019 Proposed Schedule of Meetings**

Upon motion made by member Phalon and seconded by member Maxwell, the Board adopted the following 2019 meeting schedule:

Wednesday, February 13 at 4pm at St. Lawrence Visitor's Center

Wednesday, April 10 at 4pm at St. Lawrence Visitor's Center

Wednesday, June 12 at 4pm at St. Lawrence Visitor's Center

Wednesday, August 14 at 4pm at St. Lawrence Visitor's Center

Wednesday, October 9 at 4pm at St. Lawrence Visitor's Center

6. Next Meeting and Adjournment

Member Sharlow stated that the next meeting of the Board is scheduled for February 13, 2019 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 3:20 p.m.

EXHIBIT A-1

Applicant Name:	Queenaire Technologies, Inc. ("Queenaire")	REDC Region:	North Country
Project Type:	Business Investment	County:	St. Lawrence
Industry:	Ozone Cleaning Machine Manufacturing	Locality:	Ogdensburg
Amount Requested:	\$59,600	Start Date:	11/1/18
		Finish Date:	10/31/19
RECOMMENDED OFFER			
Recommended Total Award:		\$59,600	
Total Project Cost:		\$298,000	
% of Project Cost Recommended:		20%	
PROJECT BUDGET (Proposed by Applicant)			
Use of funds	Amount	Source of Funds	Amount
Machinery & Equipment	\$112,000	NNY EDF	\$59,600
Building Expansion	\$100,000	Bank Loan	\$100,000
Employee Training	\$25,000	SLCIDA ILDC	\$88,400
Patent/Attorney Fees	\$25,000	Company Equity	\$50,000
Prototypes	\$18,000		
Furniture & Fixtures	\$18,000		
Total:	\$298,000	Total:	\$298,000
REGIONAL IMPACT MEASUREMENTS			
Job Commitments:	Applicant would create 6 full time positions at the project location over three years.		
Average Salary of Jobs:	\$35,000		
Indirect Jobs Created	n/a		
Other Impact			
PROJECT DESCRIPTION (Adapted from Application)			
<p>Queenaire was organized as a Florida S-Corp in January, 2001 and relocated to New York in 2007 where it constructed a production/warehouse facility in 2008. The Company produces ozone based cleaning machines, which it sells to wholesalers, commercial concerns and governments in the US, United Kingdom, South Korea, Japan, Australia, Canada and Mexico. The Company is expanding its product offering by adding a line of portable cleaning units designed to use ozone injected cold tap water to clean surfaces and fabrics without the use of chemicals. Queenaire seeks funding to address costs related to expanding its existing warehouse space by 2,800 square feet, completing related research and development and IP processes, purchasing tooling, providing training to its assembly and customer service/sales staff, and creating 6 new jobs over the next 3 years.</p>			

OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED		
SLCIDA ILDC Loan	\$88,400	
PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED		
TYPE	AMOUNT	STATUS
N/A	\$	
BASIS FOR RECOMMENDATION		
<p>Supporting the project would help the applicant grow by facilitating the addition of a new portable product line that would be sold domestically and globally. Export activities are widely valued for their ability to drive economic growth. The Applicant intends to create spinoff value by using local labor and building materials for construction of the addition; sourcing production from NYS located vendors; and creating six full time positions over the next three years. The project also aligns well with NCREDC strategies and priorities, which in part include energizing communities by building on growth in manufacturing industries and leveraging gateways to Canada.</p>		
ANTICIPATED DISBURSEMENT TERMS		
<p>Fund Benefits would be used to reimburse the applicant for a portion of costs associated with the project. It is anticipated that funds will be disbursed in arrears upon project completion. 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 \$298,000.</p>		

EXHIBIT A-2

Applicant Name:	St. Lawrence County Chamber of Commerce, Inc. ("SLC Chamber")	REDC Region:	North Country
Project Type:	Tourism	County:	St. Lawrence
Industry:	Business and Tourism Support Services	Locality:	Canton
Amount Requested:	\$220,305	Start Date:	1/1/19
		Finish Date:	12/31/21
RECOMMENDED OFFER			
Recommended Total Award:		\$220,305	
Total Project Cost:		\$1,115,505	
% of Project Cost Recommended:		20%	
PROJECT BUDGET (Proposed by Applicant)			
Use of funds	Amount	Source of Funds	Amount
Event Productions	\$300,000	NNY EDF	\$220,305
Salaries & Wages	\$279,180	ESD (Market NY)	\$381,000
Tournament Productions	\$270,000	Sponsors	\$270,000
Soft Costs (Marketing/Promotion)	\$159,825	St. Lawrence County	\$234,000
Operations	\$45,000	SLC Chamber of Commerce	\$10,200
Office Rent/Lease	\$16,500		
Feasibility Study	\$15,000		
Annual Tourism Event	\$12,000		
Travel & Meals	\$9,000		
Supplies & Materials	\$6,000		
Fishing Org. Memberships	\$3,000		
Total:	\$1,115,505	Total:	\$1,115,505
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)			
The Applicant proposes to establish a Tourism and Events Division that would apply a coordinated tourism and marketing strategy to maximize attendance at existing events and leverage the area's reputation as a fishing destination to create new events that focus on other year round recreational prospects offered by the area's natural resources in order to increase tourism activity and encourage			

<p>tourism related business development. A multi-year program is proposed, which is substantially comprised of soft costs that will support the hiring of a coordinator, marketing, and tournament and event productions. Officials of the Bassmasters sport fishing organization regard the St. Lawrence area to be among the top 5 fishing destinations in the world and have not previously awarded its fishing tournament to one region for consecutive years. The Applicant sees this as an opportunity to coordinate the St. Lawrence County’s tourism approach and grow tourism by creating events centered on outdoor activities like hunting, hiking, cycling, paddling and others that would accelerate the development of tourism-related assets such as lodging, attractions, restaurants, transportation, safety and security, which would help create a sustainable program.</p>		
OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED		
ESD Market NY	\$881,000	
PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED		
TYPE	AMOUNT	STATUS
N/A	\$	
BASIS FOR RECOMMENDATION		
<p>By establishing a Tourism and Events Division the Applicant seeks to increase the amount of time visitors spend in the region, thereby multiplying quantifiable economic impact that and would attract and justify lodging and other related business development (transportation, safety and security, lodging, attractions, restaurants, and amenities) that support tourism. The Division would initially seek to leverage the current Bassmasters Elite Series fishing tournament to attract other outdoor tourism events and related business development. In the longer term, it would work closely with organizers throughout St. Lawrence County to ensure that new and existing events are coordinated with the annual destination marketing plan that has been approved by the Regional Economic Development Council and Empire State Development (I LOVE NY). Tourism is considered an export as it brings outside dollars into a destination. Canadian tourists are expected to spend more money in St. Lawrence County and provide a source for international event and business development. According to Empire State Development, tourism is the state’s fourth-largest employer and New York’s tourism businesses are economic drivers with direct tourism spending reaching a record high \$64.8B in 2016. Increasing visitor time spent in the region would lead to increased occupancy tax that would in turn be used to sustain this initiative.</p>		
ANTICIPATED DISBURSEMENT TERMS		
<p>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 \$368,502 annually (\$1,105,505 total over the three year project). Fund Benefits for the second and third years would not be released until such time as the awardee verified that project funding from other sources for these years is in place.</p>		

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.

Northern New York Economic Development Fund Update¹

October-18

The Fund		
<i>this</i>	Total Deposits to the Fund to Date:	\$3,625,000
<i>plus</i>	Total Interest Earned on Deposits to Date:	\$36,547
=	Total Funds Deposited:	\$3,661,547
Expenditures		
<i>this</i>	Total Funds Deposited:	\$3,661,547
	Total Administrative Expenses Withdrawn:	\$0
	Disbursements to Grantees:	(\$140,000)
<i>plus</i>	Total Expenditures:	(\$140,000)
=	Current Fund Balance:	\$3,521,547
Awards		
<i>this</i>	Total Funds Deposited:	\$3,661,547
	Standard Projects:	\$1,579,905
	Energy Related Projects ² :	\$0
<i>minus</i>	Total Fund Benefits Awarded³:	\$1,579,905
=	Total Fund Benefits Available to be awarded by the NNYPPAB⁴:	\$2,081,642
Energy-Related Projects		
<i>this</i>	Minimum Amount (15%) of the Fund Dedicated to Energy-Related Projects:	\$543,750
<i>minus</i>	Total Awards (0%) Made for Energy-Related Projects to Date (not including today):	\$0
=	Fund Benefits Currently Available to be Awarded for Energy-Related Projects Only:	\$543,750
Today's Recommendations		
<i>this</i>	Standard Projects:	\$95,000
<i>plus</i>	Energy-Related Projects or Project Components:	\$0
=	1 Total Recommendations Before the NNYPPAB Today:	\$95,000
St. Lawrence County Economic Development Power ("SLCEDP")		
	Total Estimated Unallocated SLCEDP Available to Generate Net (MW)⁵:	20

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.

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.

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 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 Unutilized St. Lawrence County Economic Development Power ("SLCEDP") consists of an estimate of unallocated hydropower. For the first five year 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.

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	
St. Lawrence Total		\$1,579,905



Northern NY Power Proceeds Allocation Board

Date: November 14, 2018
To: Northern New York Power Proceeds Allocation Board
From: Economic Development Manager, North Country
Subject: Applications for Fund Benefits from the Northern New York Economic Development Fund

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 Criscitello and Criscitello, dba From the Heart Cabinetry (“Criscitello” or “Applicant”). The Applicant’s project and the amount of the award being recommended is discussed below and in Exhibit “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 projects 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 Criscitello application seeks Fund Benefits to support a building acquisition, the purchase of machinery and equipment, and reimbursement of other costs related to its proposed project to support a business expansion. The Applicant indicates that as part of the project it would create 5 full time positions over five years and spend approximately \$885,512 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 Exhibit “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 Criscitello receive an award of Fund Benefits in the amount proposed in Exhibit "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.

RESOLUTION

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 Criscitello and Criscitello, dba From the Heart Cabinetry in the amount recommended in Exhibit "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.



Northern NY Power Proceeds Allocation Board

Northern New York Economic Development Fund Recommendation Memo

EXHIBIT A-1

Applicant Name:	Criscitello and Criscitello, dba From the Heart Cabinetry ("Criscitello")	REDC Region:	North Country
Project Type:	Business Investment	County:	St. Lawrence
Industry:	Custom Cabinetry Manufacturing	Locality:	Potsdam
Amount Requested:	\$150,000	Start Date:	1/31/19
		Finish Date:	9/30/19
RECOMMENDED OFFER			
Recommended Total Award:	\$95,000		
Total Project Cost:	\$885,512		
% of Project Cost Recommended:	11%		
PROJECT BUDGET (Proposed by Applicant)			
Use of funds	Amount	Source of Funds	Amount
Building Acquisition	\$650,000	NNY EDF	\$150,000
Machinery & Equipment	\$130,693	SLCIDA	\$600,000
Supplies and Materials	\$38,300	NBT Bank Loan	\$25,000
Labor for Buildout	\$23,600	Company Equity	\$110,512
Infrastructure Costs	\$18,819		
Relocation of Existing M&E	\$16,300		
Furniture & Fixtures	\$7,800		
Total:	\$885,512	Total:	\$885,512
REGIONAL IMPACT MEASUREMENTS			
Job Commitments:	Applicant would create 5 full time positions at the project location over five years.		
Average Salary of Jobs:	\$35,736		
Indirect Jobs Created	n/a		
Other Impact			
PROJECT DESCRIPTION (Adapted from Application)			
<p>Criscitello currently operates out of a facility that is inadequate to allow the applicant to meet current product/service demand. For example, existing work stations serve multiple functions which is not efficient, and the facility lacks three phase power, which limits the type of manufacturing machinery that can be used. The applicant is currently leasing a small amount of space at 6 Pioneer Rd. for storage purposes. It proposes to purchase the entire facility, which would allow its manufacturing process to be restructured so that multiple jobs could be staged at one time. As part of the project, it would purchase new energy efficient machinery and equipment, and upgrade power to three phase to enable the company to meet increasing product demand and grow its customer base.</p>			
OTHER ECONOMIC DEVELOPMENT BENEFITS RECEIVED			



Northern NY Power Proceeds Allocation Board

Northern New York Economic Development Fund Recommendation Memo

EXHIBIT A-1

SLCIDA PILOT	\$165,000	SLCIDA Mortgage	\$600,000
PREVIOUS STATE ASSISTANCE OFFERED OR PROVIDED			
TYPE	AMOUNT	STATUS	
N/A	\$		
BASIS FOR RECOMMENDATION			
<p>Supporting the project would allow the applicant to relocate and increase its manufacturing capability. The project would also make available three phase power and provide more space to support a more efficient and productive manufacturing model. In addition, the applicant would commit to creating five full time positions over five years. The project would also involve the purchase of energy efficient machinery and equipment and aligns well with the strategies and priorities of the NCREDC which focus on manufacturing business retention and expansion.</p>			
ANTICIPATED DISBURSEMENT TERMS			
<p>Fund Benefits would be used to reimburse the applicant for a portion of costs associated with purchasing machinery and equipment. Fund Benefits will not be used to support any purchases associated with the applicant's retail business activity, such as a showroom. Consistent with established practice, it is expected that funds would be disbursed in arrears upon project completion, and payment would be made upon presentation to NYPA of invoices and such other documentation acceptable to NYPA verifying the applicant has incurred eligible expenses of approximately \$885,512.</p>			



Northern NY Power Proceeds Allocation Board

“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



Northern NY Power Proceeds Allocation Board

“EXHIBIT B”

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.



Northern NY Power Proceeds Allocation Board

November 14, 2018

Next Meeting

The next regular meeting of the Northern New York Power Proceeds Allocation Board is to be held on Wednesday, February 13, 2019 at 4:00 p.m. at the St. Lawrence/FDR Power Project Visitor's Center, Massena, NY.