

***MINUTES OF THE REGULAR MEETING
OF
THE ECONOMIC DEVELOPMENT POWER
ALLOCATION BOARD***

December 15, 1997

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A regular meeting of the Economic Development Power Allocation Board was held at the offices of the Power Authority of the State of New York at 1633 Broadway, New York City, at 2:30 p.m.

The following Members of the Board were present:

1. Clarence D. Rappleyea - Chairman
2. H. Douglas Barclay
3. James A. Duncan
4. Joseph M. DeSindaco

Also in attendance were:

Eugene W. Zeltmann	President and Chief Operating Officer, NYPA
David E. Blabey	Secretary and General Counsel, NYPA
C. John Clemente	Deputy General Counsel, NYPA
Joseph J. Carline	Assistant General Counsel, NYPA
Daniel Berical	Vice President – Policy and Governmental Affairs, NYPA
Louise M. Morman	Senior Vice President – Marketing and Economic Development, NYPA
Gary Paslow	Executive Director – Policy Development, NYPA
John Hamor	Director – Intergovernmental Relations, NYPA
James H. Yates	Director – Business Marketing and Economic Development, NYPA
Anne Wagner-Findeisen	Deputy Secretary, NYPA
Vernadine E. Quan-Soon	Assistant Secretary - Corporate Affairs, NYPA
Joseph Gryzlo	Attorney, NYPA

John L. Murphy

Director – Public Information, NYPA

James F. Pasquale

Manager - Business Power Allocations and Compliance, NYPA

Michael J. Huvane

Account Executive, NYPA

Jeff Schnur

Empire State Development Corporation

Chairman Rappleyea presided at the meeting and Mr. Blabey kept the minutes.

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2. Adoption of Minutes

The minutes of the meeting of September 18, 1997 were unanimously adopted.

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3. Introduction by Chairman Clarence D. Rappleyea

Chairman Rappleyea welcomed Joseph M. DelSindaco, the new member of the EDPAB, the other Board members and the public attendees, apologized for the scheduling difficulties that resulted in postponing the November meeting until December 15, 1997

Chairman Rappleyea commended staff for their efforts in moving the Power for Jobs Program forward.

The Chairman stated that the five recommended allocations were selected from a set of 25 applications – all the applications were received by the end of October so they could be reviewed in time for the November meeting. Although that meeting was rescheduled, no new applications were added to the set because it was clear that more time was needed to adequately review the first set.

Staff has reviewed and analyzed a wide range of factors – jobs created, jobs retained, energy savings, investment, payroll, community impacts, etc and received input from ESDC (through EDPAB member Joseph DelSindaco) and the Public Service Commission's Business Advocate.

The 25 initial applications were from the Long Island Lighting Company, Niagara Mohawk and New York State Electric and Gas service territories. The five recommendations now before the Board offer the best overall impact.

No applications have been rejected. The remaining 20 are all still under active consideration. They will continue to be reviewed along with another 70-plus applications that have arrived since the end of October.

Chairman Rappleyea noted that the recommended applications represent a good geographic mix and an array of types of industries which have serious relocation options and/or solid expansion plans.

These applications represent an outstanding job/MW impact: 4,613 jobs for 10.9 MW and 423 job/MW ratio – four times the 100 job/MW benchmark.

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4. **Cooper Industries, Inc.**

The Members of the Board considered the application for Power for Jobs for retention purposes submitted on behalf of Cooper Industries, Inc. (“Cooper Industries”).

Mr. Yates explained that Cooper Industries’ ownership is held through publicly owned preferred and common stock traded on the New York Stock Exchange. The parent company is Cooper Industries, Inc., Houston, Texas. Operations today include forging, hot-dip galvanizing and a host of secondary operations to support the manufacture of industrial fittings, clamps for lifting structural and sheet steel and block and tackle for the marine and industrial sectors. While no one site has been determined at this time, multiple empty and available plants are owned by Cooper Industries and several southern sites are being considered. It is recommended that an allocation of 2,200 kilowatts be approved for a term of three years.

Board Member Duncan stated that he would abstain from voting on the proposed allocation. Mr. Duncan explained that as a representative of the UAW, he wished to avoid even the semblance of a conflict. The following resolution was adopted by a vote of three in favor with one abstention.

WHEREAS, Cooper Industries, Inc. has applied for an allocation of Power for Jobs Service for job retention purposes; and

WHEREAS, an allocation of 2,200 kW would result in a ratio of 110 jobs per MW; and

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirement of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an allocation of 2,200 kW for three years, and that the following terms be incorporated into the Power Authority’s contract for Power for Jobs Service:

- **applicant to maintain a total of 212 jobs;**
- **such allocation shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority’s standard form of contract for Power for Jobs Service.**

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5. ILC Data Device Corporation

The Members of the Board considered the application for Power for Jobs for retention purposes submitted on behalf of ILC Data Device Corporation (“ILC”).

Mr. Yates explained that ILC is a manufacturer of microelectronics products established in 1964. The company, as part of its cost reduction planning, has investigated the possibility of relocating segments of the business to Ireland (36 jobs) and Dover, Delaware (126 jobs) where power costs are lower. ILC already owns property and has manufacturing operations in Ireland and Delaware. The allocation would allow ILC to retain existing employment levels within New York State. It is recommended that an allocation of 1,400 kilowatts be approved for a term of three years.

The following resolution was unanimously adopted.

WHEREAS, ILC Data Device Corporation has applied for an allocation of Power for Jobs Service for job retention purposes; and

WHEREAS, an allocation of 1,400 kW would result in a ratio of 326 jobs per MW;

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirement of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an allocation of 1,400 kW for three years, and that the following terms be incorporated into the Power Authority’s contract for Power for Jobs Service:

- **applicant to maintain a total of 456 jobs;**
- **such allocation shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority’s standard form of contract for Power for Jobs Service.**

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6. New Venture Gear, Inc.

The Members of the Board considered the application for Power for Jobs for retention purposes submitted on behalf of New Venture Gear, Inc. (“New Venture Gear”).

Mr. Yates explained that the New Process Gear Division of New Venture Gear, Inc., is a joint venture between the Chrysler Corporation and the General Motors Corporation. In business for over one hundred years with various ownerships, New Venture Gear is a large-scale manufacturer of automotive gears and assemblies for the automotive industry. The company is seeking assistance to expand at its present location. The company faces intense global competition from various manufactures in Japan and Germany and from its competing sister plant in Muncie, Indiana. The company has made over \$425 million in capital investments in the last seven years and has plans to spend an additional \$237 million on capital improvements at the Syracuse facility over the next three years if operating costs can be reduced.

Board Member Duncan stated that he would abstain from voting on the proposed allocation. Mr. Duncan explained that as a representative of the UAW, he wished to avoid even the semblance of a conflict. The following resolution was adopted by a vote of three in favor with one abstention.

WHEREAS, New Venture Gear, Inc. has applied for an allocation of Power for Jobs Service for job retention purposes; and

WHEREAS, an allocation of 5.0 MW would result in a ratio of 640 jobs per MW;

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirement of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an allocation of 5.0 MW for three years, and that the following terms be incorporated into the Power Authority’s contract for Power for Jobs Service:

- **applicant to maintain a total of 3,200 jobs;**
- **such allocation shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

7. **Snyder Industries, Inc.**

The Members of the Board considered the application for Power for Jobs for retention purposes submitted on behalf of Snyder Industries, Inc. (“Snyder Industries”).

Mr. Yates explained that Snyder Industries, Inc. (“Snyder”) is an original equipment manufacturer for the underground mining industry. The products manufactured by Snyder are distributed worldwide. Over 99% of the products are shipped directly out of state. Two areas of concern are the high cost of power and high cost of transportation to customers. The company is under competitive pressure to reduce costs. The company has considered relocating to Ohio and West Virginia where power costs are about 4.5 cent/kWh. The company is planning to add 30,000 square feet of manufacturing space for a fabrication shop and add new equipment at a cost of \$4.5 million. Staff recommended that an allocation of 500 kilowatts be approved for a term of three years.

The following resolution was unanimously adopted.

WHEREAS, Snyder Industries, Inc. has applied for an allocation of Power for Jobs Service for job retention purposes; and

WHEREAS, an allocation of 500 kW would result in a ratio of 212 jobs per MW;

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirement of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an allocation of 500 kW for three years, and that the following terms be incorporated into the Power Authority’s contract for Power for Jobs Service:

- **applicant to maintain a total of 106 jobs;**
- **such allocation shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority’s standard form of contract for Power for Jobs Service.**

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8. Vail Ballou Press

The Members of the Board considered the application for Power for Jobs for retention purposes submitted on behalf of Vail Ballou Press (“Vail Ballou”).

Mr. Yates explained that Vail Ballou was established in Binghamton as a compositor and book manufacturer in 1910. The company was acquired by the parent company, The Maple Vail Press Company, ("Maple Vail") a Pennsylvania firm, in 1975 at the same time as the company was completing a major expansion with a 200,000 square foot manufacturing facility in Kirkwood. The book manufacturing industry is currently consolidating and Vail Ballou is faced with fierce competition from larger out-of-state book manufacturers that enjoy lower operating costs. Very aggressive productivity improvements and cost cutting measures are allowing the company to remain marginally profitable. However, the parent company's willingness to fund new projects at Vail Ballou's Kirkwood facility has been notably curtailed while significant capital investment has been made at the parent company's Pennsylvania facility. Unless Maple Vail is able to generate additional cost savings at Vail Ballou, the company's risk of relocations is high. It is recommended that an allocation of 1,800 kilowatts be approved for a term of three years.

The following resolution was unanimously adopted.

WHEREAS, Vail Ballou, Inc. has applied for an allocation of Power for Jobs Service for job retention purposes; and

WHEREAS, an allocation of 1,800 kW would result in a ratio of 338 jobs per MW;

NOW THEREFORE BE IT RESOLVED, That the Board hereby finds and determines that such application meets the requirement of the Power for Jobs legislation contained in Chapter 316 of the Laws of 1997; and be it further

RESOLVED, That the Board hereby recommends to the Power Authority of the State of New York an allocation of 1,800 kW for three years, and that the following terms be incorporated into the Power Authority’s contract for Power for Jobs Service:

- **applicant to maintain a total of 609 jobs;**
- **such allocation shall be subject to the reduction of power and affirmative action provisions set forth in the Power Authority's standard form of contract for Power for Jobs Service.**

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9. **Informational Item – Status of Approved Applications**

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10. **Informational Item – Summary of Action on Applications**

December 15, 1997

11. Next Meeting

It was agreed that the next meeting of the Board would be held at such time as new applications for power are available for consideration.

Closing

The meeting was adjourned at 2:50 p.m.