

FOR CONSIDERATION

January 21, 2010

TO: The Directors

FROM: Dennis M. Mullen

SUBJECT: Essex County – Champlain Bridge Recovery Fund –Retail Assistance Program Phase II Guidelines

REQUEST FOR: Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act – Authorization to Adopt Guidelines; Authorization to Take Related Actions; Authorization to Amend the Phase I Guidelines

I. Background

The Lake Champlain Bridge (the “Bridge”), also known as the Crown Point Bridge, was closed indefinitely on Friday, October 16, 2009, after an inspection revealed problems with the Bridge’s foundation. The emergency closure was necessary for the safety of those who use the Bridge. The Bridge, built in 1929, is part of a major traffic route between the Ticonderoga, Crown Point and Port Henry area of New York State, and the Vergennes, Middlebury and Burlington area of Vermont. The closure has resulted in about a 100-mile detour on Route 4 through Whitehall, and on Vermont Routes 22A and 17.

On October 21, 2009, Governor Paterson declared a state disaster emergency in Essex County and the neighboring areas adversely affected by the emergency closure of the Bridge. In response, ESD proposed to create the Champlain Bridge Recovery Fund consisting of three programs: a Retail Assistance Program; Increased Transport Costs Program; and a Community Loan Fund. On December 18, 2009, the ESD Directors adopted guidelines for the first phase (“Phase I”) of grants from the Retail Assistance Program (the “Program”) and approved ESD staff to make grants for up to \$1,300,000 for both phases of the program. Today, the Directors are requested to authorize an amendment to the Phase I guidelines and approve the guidelines for the second phase of grants from the Program.

Funding for the Program has been made available from \$1.3 million in state appropriations to ESDC for the Empire State Economic Development Fund (“EDF”). Grants for Phase I and Phase II will be made to retail and service businesses in the Towns of Crown Point, Moriah or

Ticonderoga, or the Village of Port Henry, that have lost business revenue during the fourth quarter of 2009 as a result of the bridge closure. At present, staff estimates that up to 150 retail and service firms are severely impacted by the Bridge closure.

Grant amounts will vary based on the demonstrable loss in revenue during the fourth quarter of 2009 due to the Bridge closure. Grants will be disbursed in two phases, with Phase I compensating 50% of eligible losses up to \$2,500; and Phase II compensating 50% of eligible losses up to the cap of \$10,000, inclusive of any Phase I award. To be eligible for funding, businesses must demonstrate revenue losses of at least 15 percent as a result of lost business traffic from the bridge closure. The 15 percent revenue loss eligibility requirement will be applied to both Phase I and Phase II of the Program. Funds will be disbursed upon ESDC's approval of documentation submitted showing actual revenue loss (comparison between fourth quarter 2008 and fourth quarter 2009) and verification of insurance proceeds and/or other local, state or federal aid received.

II. Program Guidelines

The Corporation has prepared preliminary guidelines for the implementation and administration of Phase II of the Program. The Guidelines set forth the program requirements, including submission requirements, necessary documentation and appeal and audit processes. A copy of the Guidelines for Phase II and a copy of the amended Guidelines for Phase I are attached hereto.

Due to the nature of the program and the relatively short time frame for implementing the same, it is expected that the Guidelines may be amended, from time to time, to address specific program needs.

III. Statutory Basis

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms.

As a result of this Program, severely impacted, retail and service firms that employ a significant amount of workers will be able to continue their operations and retain employment in New York.

2. The proposed project would be unlikely to take place in New York State without the requested assistance.

The loss incurred by retail and service businesses in the affected communities is extensive, and many firms do not have the working capital on hand to fund Bridge closure-related costs or to sustain their businesses with the near-term loss of revenue. This assistance partially fills the funding gap these firms face.

3. The project is reasonably likely to accomplish its stated objectives and the likely benefits of

the project exceed costs.

For a relatively modest investment by the State, the Program is expected to prevent agricultural, manufacturing and local retail and service firms from shutting down entirely, relocating or downsizing in the face of extensive losses.

4. The requirements of Section 10(g) of the Act are satisfied.

No residential relocation is required because there are no families or individuals residing on the sites.

IV. Requested Actions

The Directors are requested to adopt Program guidelines and authorize the Chairman and Chief Executive Officer-Designate or his designee, to amend such guidelines from time to time, and authorize the taking of all related actions necessary or appropriate to effectuate the foregoing.

V. Additional Submissions to Directors

Resolutions

Guidelines

January 21, 2010

Essex County - Champlain Bridge Recovery Fund – Retail Assistance Program Phase II - Empire State Economic Development Fund - General Development Financing (Working Capital Grants) - Findings and Determinations Pursuant to Sections 16-m and 10(g) of the Act – Authorization to Adopt Guidelines; Authorization to Amend Phase I Guidelines; Authorization to Take Related Actions

RESOLVED, that the Corporation hereby authorizes the Champlain Bridge Recovery Fund –Retail Assistance Program Phase II (the “Program”), described in the materials presented in this meeting, a copy of which has been presented to this meeting and is ordered filed with the records of the Corporation, to provide assistance in accordance with Section 16-m and 10 (g) of the New York State Urban Development Corporation Act of 1968 (the “Act”); and be it further

RESOLVED, that the Corporation hereby authorizes an amendment to the Phase I Guidelines to conform with the Guidelines authorized for Phase II; and be it further

RESOLVED, that with respect to the Program, the Corporation makes the following findings pursuant to Section 16-m and Section 10(g) of the Act:

1. The proposed project would promote the economic health of New York State by facilitating the creation or retention of jobs or would increase activity within a municipality or region of the state or would enhance or help to maintain the economic viability of family farms.
2. The proposed project would be unlikely to take place in New York State without the requested assistance.
3. The project is reasonably likely to accomplish its stated objectives and the likely benefits of the project exceed costs.
4. There are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Corporation hereby adopts the guidelines for the Programs, a copy of which has been presented to this meeting and is ordered filed with the records of the Corporation, and authorizes the Chairman and Chief Executive Officer-Designate of the Corporation, or his designee(s), to amend, from time to time, such guidelines (such guidelines, as they may from time to time be amended, the “Guidelines”) as he or she deems necessary or appropriate to effectuate the purposes of the program; and be it further

RESOLVED, that the Chairman and Chief Executive Officer-Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

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