



## **EMPIRE STATE DEVELOPMENT**

### **A DESCRIPTION OF THE CORPORATION'S OPERATIONS AND ACCOMPLISHMENTS**

Fiscal Year 2014-2015

#### **OVERVIEW & MISSION STATEMENT**

The New York State Urban Development Corporation d/b/a Empire State Development Corporation (ESD) is a public finance and development authority that serves as New York's chief economic development agency.

ESD's mission is to promote a vigorous and growing state economy, encourage business investment and job creation, and support diverse, prosperous local economies across New York State through the efficient use of loans, grants, tax credits, real estate development, marketing, and other forms of assistance. ESD's performance of its economic development services is driven by core values that include efficiency, accountability, transparency and collaboration with other public and private sector partners. Its success is measured by the number of jobs created and retained for New Yorkers, the degree to which its public resources leverage new private investment in the state and the number of businesses served, including small businesses, and minority and women-owned businesses. In addition to administering the Corporation's initiatives, ESD also supports the implementation of New York State Department of Economic Development (DED) programs, such as the New York State Governor's Office for Motion Picture and Television Development and the state's iconic "I Love NY" brand campaign.

In Fiscal Year 2014-15, the ESD Directors approved funding totaling over \$523 million to more than 230 companies and organizations, which pledged to retain more than 17,685 existing jobs and create more than 4,495 new jobs in New York State. The funding for these projects will leverage nearly \$1 billion in additional investment across the state.

#### **ESD Leadership**

Howard Zemsky was appointed Empire State Development President and CEO, as well as Commissioner of the New York State Department of Economic Development by Governor Andrew M. Cuomo and confirmed by the New York State Senate (March 2015).

Mr. Zemsky works to promote economic practices that attract business and create jobs throughout New York State and works closely with Lieutenant Governor Kathy Hochul to implement the Regional Economic Development Councils.

#### **PROGRAMS & INITIATIVES**

##### **START-UP NY**

Governor Cuomo's game-changing START-UP NY initiative is transforming SUNY campuses and private colleges and universities across the state into tax-free communities that attract start-ups, venture capital, new business, and investments from around the world. The initiative is leading companies to the Empire State, encouraging existing New York businesses to grow here at home, and helping entrepreneurs start new ventures by offering the opportunity to operate tax-free – including no income tax for employees and no sales, property, or business taxes – and partner with world-class higher education institutions. Through March 31, 2015, a total of 67 colleges and universities throughout New York had been approved for participation in the initiative, establishing over 380 tax-free areas and more than 4.3 million square feet of tax-free space statewide. Additionally, 93 businesses, sponsored by 21 different colleges and universities, had been admitted into the program, resulting in the commitment of more than 2,800 new jobs and the investment of more than \$173 million in communities across the state. Finally, the 2015-16 state budget granted eligibility for Republic Airport and Stewart Airport to host tax-free areas under START-UP NY, increasing economic development in and around the airports.

### **Regional Economic Development Councils (REDCs)**

Governor Cuomo's Regional Economic Development Councils (REDCs) and the Consolidated Funding Application (CFA) process have transformed economic development in New York State, creating a statewide framework for community-based regional economic growth. The REDCs also have redefined the way New York invests in jobs and economic growth by establishing a competitive process for state resources. After four rounds of the REDC process, approximately \$3 billion has been awarded to more than 3,100 job creation and community development projects consistent with each region's strategic plan, which will result in the creation or retention of more than 150,000 jobs statewide. Specifically in Round IV, announced on December 11, 2014, \$709.2 million was awarded to 852 projects.

### **Empire State Economic Development Fund (EDF)**

The Economic Development Fund (EDF) assists companies with general development financing. The EDF helps increase business activity in the state, facilitates the creation and retention of jobs, and supports other important economic development initiatives.

Financing from the EDF may be available for:

- Construction, expansion, and rehabilitation of facilities;
- Acquisition of machinery and equipment;
- Working capital; and
- Training of full-time permanent employees.

### **New York State Business Incubator and Innovation Hot Spot Program**

The New York State Business Incubator and Innovation Hot Spot Program was enacted as part of the 2013-14 state budget and provides significant financial support for business incubators in New York. The goal of the program is to improve the quantity and quality of incubator services provided to young companies, enabling these businesses to successfully transition from the start-up phase to a larger scale commercialization phase for their products and services. The program also provides

ESD with valuable information about the companies, which are at the early stage of entry into the state's "Innovation Pipeline." ESD administers the competitive process for the designation of New York State Business Incubators and New York State Innovation Hot Spots. Applications are received and reviewed through the Consolidated Funding Application (CFA) process. Each region of the state has received at least one designation for a Hot Spot or Business Incubator, with ten Business Incubators and ten Innovation Hot Spots receiving operating grant awards to date. In December 2013, ESD awarded operating grants of \$125,000 to ten designated Business Incubators and operating grants of \$250,000 to five Innovation Hot Spots. In December 2014, ESD awarded operating grants of \$250,000 to five additional Innovation Hot Spots. Since its inception, the program has served nearly 400 companies, and to build on its success, Governor Cuomo and the legislature have provided funding for the designation of up to ten additional Business Incubators through the 2015 CFA process.

### **New York State Land Bank Program**

In Fiscal Year 2014-2015, ESD approved two new Land Banks, specifically, for Albany County and the City of Troy. ESD continues to accept applications for the Land Bank program, which enables municipalities to apply for and create land banks in their communities. Land Banks are not-for-profit corporations created to assume control of and redevelop vacant or abandoned properties so that the properties may better serve the public interest. To date, ESD has approved ten Land Banks, specifically, for: 1) the Cities of Buffalo, Lackawanna, Tonawanda and Erie County; 2) the City of Syracuse and Onondaga County; 3) the City of Schenectady, County of Schenectady and City of Amsterdam; 4) Chautauqua County; 5) City of Newburgh; 6) Suffolk County; 7) Broome County; 8) the City of Rochester; 9) Albany County; and 10) the City of Troy.

### **Buffalo Billion**

The state made a historic commitment in January 2012 with Governor Cuomo's announcement of the Buffalo Billion, an unprecedented economic development initiative through which the Governor called for a \$1 billion investment for the regional economy of Buffalo and Western New York to create jobs and opportunities for area residents and lay a foundation of sustainable economic prosperity for future generations. To date, the state has announced more than \$842 million for the Buffalo Billion, which is expected to generate a total investment of over \$8 billion, a five-year impact of over \$11.3 billion, and approximately 14,000 jobs. In February 2013, the WNYREDC released its Buffalo Billion Investment Development Plan, which serves as a roadmap for the implementation of signature investment initiatives. Since then, the Buffalo Billion initiative has provided funding for various key projects, including the Buffalo High-Tech Manufacturing Innovation Hub at RiverBend, the Buffalo Medical Innovation & Commercialization Hub, and the Buffalo IT Innovation & Commercialization Hub, as well as a one-mile stretch of the Robert Moses Parkway in Niagara Falls, the recently opened Buffalo Marina State Park, the Better Buffalo Fund dedicated to transportation and commercial enhancements in area neighborhoods, and the 43North global business plan competition.

### **Beverage Industry**

ESD created a one-stop-shop for the beverage industry following the Wine, Beer, and Spirits Summit held by Governor Cuomo in October 2012. Since then, the one-stop-

shop has fielded direct requests from approximately 600 business owners and entrepreneurs, including over 200 wineries, 250 breweries, 80 distilleries, and 50 cideries. In addition to the one-stop-shop, ESD has administered the Craft Beverage Grant Program, which includes a \$4 million commitment made by Governor Cuomo at the second Wine, Beer, Spirits and Cider summit held in April 2014. ESD also has launched a \$2 million grant program that matches \$2 million in industry contributions for the marketing and promotion of wine, beer, spirits and cider produced in New York State.

## **Small Business Programs**

### *NYS Innovation Venture Capital Fund*

This past year, the state announced that \$5 million has been awarded to three Upstate investment firms to spur new business and create jobs in communities across Upstate New York. The funding, part of the Governor's \$100 million Innovation Venture Capital Fund program, will be matched by at least \$5 million in private sector investment capital to enable new businesses to work with colleges and universities to accelerate the research and development and marketing of their technologies. Investment firms in Rochester, Buffalo, and Syracuse will strategically invest the funds.

The three Upstate firms that will invest the funds are Excell Partners LLC in Rochester, SCP Buffalo Incubator/Z80 Labs LLC in Buffalo, and CenterState CEO's Grants for Growth in Syracuse. Investment of funds by each firm will be leveraged with matching private sector investment capital at a ratio of at least 1:1. Recipients of the venture funding will receive pre-seed stage investments of up to \$100,000.

The New York State Innovation Venture Capital Fund program supports the transition from ideas and research to marketable products or services, accelerates seed and early-stage business formation, and provides investment funding to support and attract high-growth, technology-based companies to New York State. The Fund is expected to leverage at least \$100 million in private capital to support high growth areas including advanced materials, clean technology, life sciences/biotechnology, and information technology.

The three Upstate firms were chosen through a competitive process. Additional investments to spur business development and jobs through firms in the New York City, Long Island, and Mid-Hudson regions will be announced soon.

The NYS Innovation Venture Capital Fund is part of Governor Cuomo's broader commercialization agenda in order to encourage innovation and drive economic growth in communities across the state. It is being coordinated with the state's existing business resources and innovation investments, including the Governor's START-UP NY program, Innovation Hot Spots, the Regional Economic Development Councils, the Centers of Advanced Technology and Centers of Excellence networks, and the SUNY 2020 Initiative.

### *Business Mentor NY*

This past year, the state highlighted the growth and success of Business Mentor NY, a program that connects businesses with skilled mentors. Announced by the Governor in his State of the State Address last year, the free program has garnered more than 750 volunteer mentors, with more than 500 successful matches already made between experienced professionals and entrepreneurs looking for assistance in navigating businesses challenges.

Mentors and entrepreneurs connect through the Business Mentor NY website, which allows entrepreneurs to review profiles of potential mentors and communicate directly with them at no charge. Mentors and entrepreneurs can be matched regardless of geographical boundaries – for example, a business in New York City can get assistance from a professional in Western New York. The one-on-one guidance and counsel complements the state’s current network of financial and technical assistance and is helping entrepreneurs increase revenue and create jobs.

ESD, which administers the Business Mentor NY program, has increased its outreach and recently held its first-ever Speed Mentoring event with the Turnaround Management Association. More than 70 entrepreneurs and mentors attended and participated in three 20-minute, high-impact sessions. To increase match rates, the Business Mentor NY team has also made several improvements to the online platform including an instant chat feature, enhanced profile information, and a system to allow users to identify a mentor’s activity level.

To get involved as a mentor or small business looking for assistance, individuals may visit the Business Mentor NY website at [www.businessmentor.ny.gov](http://www.businessmentor.ny.gov) and create a profile. Mentors engaged with the program volunteer their time and expertise and represent a wide range of disciplines, including lawyers, accountants, and consultants. They are also experts in the fields of finance, retail, communications and information technology, human resources, public relations, sales, and marketing.

The program is being conducted in partnership with MicroMentor, a proprietary on-line mentoring platform that connects volunteer mentors with entrepreneurs so they may solve problems and build businesses together. An initiative of the nonprofit Mercy Corps, MicroMentor has a track record of success nationwide. MicroMentor has found that formal mentoring programs, such as Business Mentor NY, help businesses increase their annual revenue, create jobs, and launch successful businesses compared to businesses that do not participate in mentoring programs.