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Contact:

Warner Johnston (ESD) | wjohnston@empire.state.ny.us | 1-800-260-7313

Lisa Willner (ESD) | lwillner@empire.state.ny.us | 1-800-260-7313

**EMPIRE STATE DEVELOPMENT ANNOUNCES \$22.4 MILLION AWARDED IN
SECOND ROUND OF UPSTATE REGIONAL BLUEPRINT FUNDING**

Upstate Regional Blueprint Fund Targets Small Business Investments and Development

Empire State Development today announced \$22.4 million in Upstate Regional Blueprint Funding for 23 projects to revitalize New York's Upstate economy. The \$120 million Fund, announced by the Governor in May of 2009, supports projects that help provide a framework for future growth in regions with stymied development. The first round, announced earlier this fall, awarded \$17.5 million in Upstate funding to finance business investment, infrastructure upgrades and downtown redevelopment.

"The Upstate Regional Blueprint Fund provides the kind of sound investment needed for the growth and development of our Upstate communities," Governor David A. Paterson said. "During this difficult economic time, we must focus our efforts on securing economic prosperity across the State by putting New Yorkers back to work. With this second round of Blueprint Funding we can move forward with crucial development projects that will build strong urban cores, advance businesses and create jobs, better positioning New York now and for the future."

Empire State Development (ESD) Chairman and CEO designate, Dennis M. Mullen said: "The Upstate Regional Blueprint Fund responds to the unique challenges faced in our Upstate economy. It is especially tailored to ensure that local businesses, like the ones being awarded funding today, have the necessary assistance and available resources in order to grow and thrive Upstate. Their success will not only create jobs but will spur future development, ultimately keeping our entrepreneurs, workers and families in New York."

The Upstate Regional Blueprint Fund invests in projects that advance local development and small businesses, including making improvements to industrial parks and providing loans for the purchase of equipment, real estate or other needs. Eligible applicants include municipalities, businesses, academic institutions, and non-profits and awards will range from \$100,000 to \$5 million. The program gives a preference to requests for loans, whose principal repayments can be recycled for future projects. Empire State Development administers the Blueprint Fund, which works to attract businesses, improve commerce and boost local economies.

To ensure that each project meets the specific needs of its region, all applications undergo a competitive review process by ESD's Regional Office Directors, with the support of central ESD resources. Requests for business investment assistance are reviewed on a rolling basis, and

requests for infrastructure and downtown redevelopment assistance follow a quarterly calendar. To-date, \$56.8 million in Regional Blueprint Funding has been awarded (this includes Round I and Round II awards and business track investment which are awarded on a rolling basis).

The following projects were awarded funding in the second round of Upstate Regional Blueprint funding:

Capital Region

Total Funding: \$591,240

- **Troy Community Food Cooperative — Pioneer Food Market — \$270,000**
This project consists of the renovation of a vacant building that will serve as a full service food co-op in the downtown area of Troy. There is significant local support and financial commitments for this project. The project will create 21 jobs in the first year and 41 jobs after five years. The total project cost is \$1.6 million.
- **Greater Glens Falls Local Development Corporation — Tech Meadows Industrial Park — \$321,240**
The proposed Tech Meadows Industrial Park is located near Interstate 87 (Adirondack Northway Exit 18 in the Town of Queensbury). The project involves installation of the necessary water and sewer infrastructure to make the 46 acre site available for development.

Central NY Region

Total Funding: \$4,400,000

- **OneSource Networking, Inc/ OneSource Financial — 39 William Street Improvements — \$100,000**
OneSource Networking, Inc., d/b/a OneSource Financial, located in the City of Auburn, will invest \$634,484 to acquire new equipment and to improve its offices at 39 William Street, a historic building located in Auburn's Historic District. OneSource is a professional financing service for automotive and recreational vehicle dealers, uniting buyers with appropriate lending sources. This project will enable OneSource to grow by securing a contract to partner with Wachovia Dealer Services, Inc. The project will add 10 new jobs to the company's existing workforce of 14.
- **Tessy Plastics Corporation — Tessy Consumer Products — \$1,300,000**
Tessy Plastics, a contract manufacturer specializing in custom mold products, will invest \$11 million to construct a 90,000-square-foot addition to its manufacturing campus in Elbridge. The new facility will house a new production line and provide space for future expansion. The project will retain 120 of the company's 531 existing New York State jobs and create 50 new jobs.
- **Washington/Walton Real Estate Company, Inc. — Washington Station — \$3,000,000**

Washington/Walton Real Estate was formed by real estate developer The Pioneer Companies to construct a new six-story Class A 125,000-square-foot LEED-certified multi-tenant office building located in downtown Syracuse. In May 2008, the company accepted ESD's offer of a \$1 million capital grant and a \$2 million loan to assist with the project. The building's anchor tenant will be O'Brien & Gere, Inc., the region's largest engineering firm, which will relocate its 300 employee headquarters from Dewitt. This project will advance the ongoing redevelopment of the downtown Syracuse Armory Square district.

Finger Lakes Region

Total Funding: \$3,854,909

- **Zotos International — Aerosol Line Expansion/Hair Color Automation Project — \$250,000**
Zotos International, a Japanese-owned manufacturer of hair care products, will invest in machinery and facilities in order to increase production of its new lines of aerosol products and provide more productivity and automation to their hair color manufacturing lines. This project will retain four jobs and create 21 new jobs.
- **Centennial Campus Project-Phase II — Association for the Blind and Visually Impaired (ABVI) — Goodwill of Rochester, Inc. — \$500,000**
ABVI will construct and equip a two-story, 18,000-square-foot addition to the south side of its downtown Rochester facility which houses vision rehabilitation services, career and training services, a leadership institute, and a children/family services after school program. The building will be constructed to silver LEED standards. The project will add 20 new employees at the downtown location and a total of 60 new jobs across New York State.
- **Hammer Packaging Corporation — KBA Press Expansion Project— \$375,000**
Hammer Packaging will purchase a \$4.75 million color press machine which will allow the company to continue business with a major, long-term customer, as well as to branch out into new packaging products. The project will retain 62 jobs and create 25 new jobs.
- **Oyagen, Inc.- OyaGen Inc./Development of HIV Therapeutics — \$199,909**
OyaGen is a development stage bio-pharma company founded to commercialize novel HIV therapies. This project will take the business from lab space to a fully working facility. The funds will be used to match other venture funding. The company will spend almost \$1 million to equip the facility. The project will create 12 new jobs.
- **Renewell, LLC — R.H. Newell Building Rehabilitation Project — \$330,000**
The project entails the renovation and rehabilitation of the former Melton Shirt Factory, which operated for over 100 years in the Village of Medina. The store closed nearly a decade ago. This project will renovate and expand the building for the addition of office, mixed-use and retail space.

- **Morgan Management Christa Companies — Midtown Tower Adaptive Reuse — \$1,200,000**

This project includes the renovation and reconstruction of Midtown Tower in Rochester, including adaptive re-use which will convert existing office tower into mixed use, commercial, office and residential space. Predominantly a residential effort, Midtown Tower's 362,000-square-feet will be converted to 186 residential market-rate apartments, 24 market-rate condominium units and some minor commercial space. The commercial space in the Tower that will be renovated equals about 12,000-square-feet with the balance of the Tower's 350,000-square-feet dedicated to residential development. An additional 90,000 -square-feet of commercial space in several outlying buildings, exclusive of the tower, is also being considered in a future phase of this project.

- **Genesee Gateway Local Development Corporation — Buffalo East Technology Park — \$1,000,000**

This project consists of delivering water, sewer, roadway, site clearance and a wastewater treatment connection to two industrial sites totaling 305 acres in Pendleton, directly adjacent to the New York State Thruway, on the far western end of Genesee County.

Mohawk Valley Region

Total Funding: \$1,178,309

- **Brouwerij Belome, LTD — Brewery Ommegang Expansion — \$250,000**

Brewery Ommegang, opened in Cooperstown in 1997 and craft-brews a line of Belgian-style ales, as well as seasonal and specialty ales, for distribution throughout the United States. Brewery Ommegang is located on a 136-acre farmstead five miles outside of the Village of Cooperstown in rural Otsego County. The unique Brewery complex is based on early Belgian farm architecture and has been a growing tourism destination since opening in 1997. Annual summer festivals draw a national audience and celebrate the excellence of Belgian ales. The company, Duvel Moortgot, has been producing award winning specialty beers since 1871 in Belgium, the Czech Republic and the United States. Ommegang is one of the company's core brands.

The Brewery Ommegang Expansion Project will include construction of a new 8,000-square-foot building for cold storage, warehouse, warm cellar, new quality control lab and refurbishment of the existing retail store and stockroom. The project also will add new equipment to streamline the bottling process and warehouse function. The project will retain 35 jobs and create five new jobs.

- **Hill & Markes, Inc. — Hill & Markes, Inc. New Facility — \$928,309**

Hill & Markes, Inc. is the largest independent wholesale distributor of paper and related products in Upstate New York, servicing a 350 mile radius of Amsterdam, New York. The company, originally established in 1906, has grown and consolidated into a family owned business employing 141 workers. The Hill & Markes new facility project will consist of a new 100,000-square-foot LEED-certified warehouse and adjacent 15,000-square-foot office building on a 20-acre parcel in the nearby Town of Florida business park. The company has been located within the City of Amsterdam since its early years,

but has completely outgrown its existing 80,000-square-foot building, hindering future growth. A modern state-of-the-art warehouse and distribution facility is required for Hill & Markes to remain competitive. The company's service area includes most of Upstate New York and part of Vermont. The project will retain 141 jobs and create 48 new jobs.

North Country Region

Total Funding: \$675,000

- **Schluter Systems, L.P — Schluter Systems Manufacturing Expansion Project — \$375,000**
This project involves the construction of new 57,000-square-foot manufacturing facility, which includes purchase of \$5.055 million in mechanical and electric, such as 130T of production line machinery, soft costs and other expenses to support the development of the U.S. manufacturing and distribution of Schluter's new product line. This project supports locating production in United States versus Germany. The project will retain 105 jobs and create 40 new jobs.
- **Frazer Computing, Inc. — Frazer Computing Capital Expansion — \$50,000**
This project includes the purchase of land and rehabilitation of an existing 4,000-square-foot vacant metal building. It will be converted into office space needed to expand the computer software business. Frazer will move into a much larger facility in the Town of Canton. The move will enable the company to expand its rapidly growing software business, which is in demand by the used car industry. The project will retain 18 jobs and create six new jobs.
- **Watertown Industrial Center Local Development Corp — Watertown Center for Business and Industry Infrastructure Improvements — \$250,000**
This project includes the replacement of the roof on building A, an 80,000-square-foot structure, formerly a manufacturing facility and now an industrial incubator with various tenants.

Southern Tier Region

Total Funding: \$400,000

- **Town of Lansing — Warren Road Sewer Infrastructure — \$400,000**
This project includes the construction of a sewer line for retention of seven high-tech companies in the Warren Road Industrial Park. One planned expansion includes a 30,000-square-foot extension that would result in the retention of 100 jobs and creation of 100 new jobs in three years.

Western NY Region

Total Funding: \$11,325,000

- **Newbrook Machine Corp — Newbrook Machine Corp. Expansion — \$175,000**

Funding was awarded to the Newbrook Machine Corp. project for the construction of a new building and the acquisition of equipment to expand the company's product offering to allow for new and expanded markets. The new building will allow the company to reorganize the production floor to undertake a lean manufacturing process. The project will retain 16 jobs and create 16 new jobs. Newbrook Machine Corp. was started 60 years ago and has employed thousands over that period. Silver Creek, NY is a small community in Northwest Chautauqua County that relies on these jobs and this expansion project will help the company to expand its markets.

- **Baja Beach Club, Inc. — Curtiss Hotel Project — \$3,150,000**
This funding will be for the conversion of the Curtiss Building, a historic building in downtown Buffalo, into a boutique hotel. This building has long been vacant and contributed to blight in that neighborhood. The conversion will include the complete rehabilitation of the building and construction of a new banquet facility on an adjacent property, which will be demolished.
- **Erie Canal Harbor Development Corporation — Public Canals — \$5,000,000**
The Canal Side Phase III Project will consist of approximately 1,095,000-square-foot of commercial, cultural and residential space on 20-plus acres within the project area. It will be designed to emphasize downtown Buffalo's connection to the Lake Erie waterfront through the construction of a network of interpretive water elements evoking the location of historic canals that once crossed the area including segments of the Erie Canal, the Commercial Slip and the Prime Slip. Anchored by a Bass Pro Outdoor World Store, a destination retailer, the project would provide various year-round offerings and experiences including restaurants, entertainment venues, retail outlets, cultural attractions, vast public spaces and increased access to the Buffalo River, appealing to a wide demographic of visitors and residents.
- **Town of Tonawanda — Riverwalk — East Park Connector — \$1,000,000**
The Town of Tonawanda owns a vacant, unimproved site known as the North Youngmann Commerce Center (NYCC). The town is also responsible for infrastructure (road, water, sewer) and other municipal services in the general area of the project. Broad Elm Management, Inc. owns Riverview Commerce Park (RCP) which is adjacent to the NYCC. This project will join the two commerce parks, providing necessary infrastructure to access 225 acres of vacant land suitable for development.

The Riverwalk East Park Connector Project consists of the construction of 5,900 linear feet of roadway and utilities, including water, sanitary sewer, storm water sewer and roadway from the current terminus of East Park Drive to the current terminus of Riverwalk Parkway. The project will extend infrastructure to more than 225 acres of vacant land, allowing for development and future job creation and will include construction of a bridge necessary for truck traffic to access the business/industrial parks. The project will provide infrastructure necessary to develop the NYCC and Riverview Commerce Park.

The primary purpose of this project is to increase the supply of shovel-ready land for office and light industrial development in the Tonawanda Empire Zone by extending infrastructure to 135 acres in the privately owned RCP and 92 acres in the NYCC. The secondary purpose is to significantly enhance commercial traffic in and around the waterfront region and surrounding industrial parks.

- **Merani Hospitality, Inc. – Fallside Hotel – \$2,000,000**

The City of Niagara will receive \$2 million to go towards the acquisition and renovation of the former Fallside Hotel. The project will include a re-branding and substantial upgrade of the property. An additional grant of \$750,000 from USA Niagara Development Corporation will also go towards the project.

The currently vacant hotel is 135,000 square-feet and sits on approximately three acres of land. Once completed, the \$15 million project will be a 3 to 3 ½ diamond hotel with approximately 200 guest rooms and will include an indoor pool, gym, full service signature restaurant, banquet facilities and luxury guest rooms that will feature spectacular views of the Upper Rapids of the Niagara River just before the water descends over Niagara Falls.

More information about the Upstate Regional Blueprint Funds and application forms are available on Empire State Development's website: www.nylovesbiz.com. We are currently accepting applications for Round III.

Empire State Development is New York's chief economic development agency. ESD also oversees the marketing of "I LOVE NY," the State's iconic tourism brand. For more information, visit www.nylovesbiz.com.

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