

FOR CONSIDERATION

August 18, 2011

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Regional Economic Development Council Capital Fund

REQUEST FOR: Adoption of Guidelines for the Funding of Regional Economic Development Council Capital Fund Projects; and Authorization to Take Related Actions

I. BACKGROUND

To stimulate real economic development Statewide, Governor Andrew M. Cuomo is instituting the Regional Economic Development Council initiative (the "Initiative") as part of a new operating model for economic development that is regionally based. To lead this new regional approach, ten Regional Economic Development Councils ("Regional Councils") have been established, one representing each of the State's ten economic development regions. The Regional Councils will bring all economic development functions to the table in each region and collaborate with State agencies in order to maximize the State's resources.

ESD and other State agencies, including the following, will coordinate with the Regional Councils in implementing the Initiative: the New York State Departments of State, Education, Economic Development, Labor, Health, Transportation, Environmental Conservation, and Agriculture and Markets; the New York State Energy Research and Development Authority; the Dormitory Authority; the New York Power Authority; the Environmental Facilities Corporation; Homes and Community Renewal; and the New York State Office of Parks, Recreation and Historic Preservation. The 2011-12 State budget appropriated to ESD \$130 million of capital grant funding (the "Fund") for the Initiative.

Initially, each Regional Council will develop and adopt a five-year strategic plan ("Strategic Plan") for its Region that sets out a comprehensive vision for economic development and specific strategies to implement that vision. Each Regional Council will submit its Strategic Plan to the Governor and a Strategic Plan Review Committee, whose members will be appointed by the Governor.

The Strategic Plan Review Committee will evaluate and rank the Strategic Plans and, among other things, recommend: (i) that up to \$25 million of capital project funding from the Fund be allocated to each of the four top-ranked Regions; and (ii) how the \$30 million balance of the Fund should be allocated among the six remaining Regions. ESD will take these recommendations into consideration in determining final regional allocations and awards. In addition to the \$130 million Fund, the State will also consider each Region's Strategic Plan in awarding \$70 million in tax credits from the enhanced Excelsior Jobs Program, for an aggregate \$200 million in dedicated regional economic development assistance.

II. THE FUND GUIDELINES

ESD's role in the Initiative is twofold: (1) to administer the Fund to support eligible regional capital projects, including those identified by the Regional Councils as ready for investment, and as having momentum and ability to create jobs, catalyze further investment and achieve economic benefits within Regions and their respective communities; and (2) to measure and track the performance of the Initiative using available metrics that are valid, reliable and replicable.

In order to provide guidance to the Regions in the preparation of applications for the funding of projects through the Fund, the guidelines attached to this memorandum (the "Guidelines") have been prepared for your consideration and adoption on behalf of ESD. The Guidelines clearly and simply set forth:

- the application process;
- the categories of eligible applicants;
- eligible uses and expenses;
- specific funding requirements;
- criteria to be applied by ESD in its assessment of applications;
- the approval and disbursement process; and
- other terms and conditions for an award by ESD of Fund assistance.

Generally, the proposed Guidelines establish the Initiative's regionally-based, "bottom up" Regional Council approach as the structure for project application and evaluation. The Guidelines clearly articulate, however, that all Fund projects are subject to the ESD Directors' review and authorization, and must comply with all applicable laws and regulations, which may include: public hearings; review and findings pursuant to the State Environmental Quality Review Act and its implementing regulations; consultation with the State Historic Preservation Office; and approvals by the Public Authorities Control Board, the Comptroller of the State of New York, and the Attorney General of the State of New York. Projects awarded funding from the Fund will be expected to serve an integral role in the implementation of the Strategic Plan for the Region within which the project is located.

To assist ESD in the second, important aspect of its role with respect to the Initiative, each Regional Council will submit to ESD an annual report of that Council's activities, the status of funded projects and the Council's proposals for eliminating bureaucratic obstacles to economic growth and job creation. ESD will produce an Annual Economic Report to the Governor, beginning December 1, 2012. This report will include a status on the State's business climate, the successes of and best practices employed by the Regional Councils, and the identification of Regions where additional assistance may be needed.

III. AFFIRMATIVE ACTION

ESD's Non-Discrimination and Affirmative Action policies will apply.

IV. ENVIRONMENTAL REVIEW

ESD staff has determined that the requested adoption of Guidelines for the Regional Economic Development Council Capital Fund does not constitute an action as defined by the New York State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the requested approval.

V. REQUESTED ACTIONS

The Directors are requested to adopt the Guidelines for the Regional Economic Development Council Capital Fund and to authorize necessary and appropriate actions to effectuate the foregoing.

VI. RECOMMENDATION

Based on the foregoing, I recommend approval of the requested actions.

ATTACHMENTS

Resolution
Regional Economic Development Council Capital Fund Guidelines

August 18, 2011

Regional Economic Development Council Capital Fund – Adoption of Guidelines for the Funding of Regional Economic Development Council Capital Fund Projects; and Authorization to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting (the “Materials”), a copy of which is hereby ordered filed with the records of the Corporation, relating to the Regional Economic Development Council Capital Fund (the “Fund”), the Corporation hereby adopts the Fund guidelines (the “Guidelines”) for the purposes and substantially in the form set forth in the Materials, with such changes as the President and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate; and be it further

RESOLVED, that the President and Chief Executive Officer or his designee(s) be, and each of them hereby is, authorized to take such actions and make such modifications to the Guidelines as he or she may deem necessary or appropriate in connection with the Fund; and be it further

RESOLVED, that the President and Chief Executive Officer 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.