

**B. FLEDC - Yates County Organic and
Viticulture Market Expansion Capital (W397)**

October 20, 2011

General Project Plan

- Grantee:** Yates County Industrial Development Agency
d/b/a Finger Lakes Economic Development Center ("FLEDC")
- Beneficiary
Companies:** Organic and viticulture businesses in Yates County
- ESD Investment:** A New York State Economic Development Assistance Program
("NYSEDAP") grant of up to \$1,000,000 to be used for loans to organic
and viticulture businesses.
- Project Locations:** Various business locations in Yates County (to be determined)
- Project Completion:** December 31, 2013
- Grantee Contact:** Steve Griffin, Chief Executive Officer
1 Keuka Business Park
Penn Yan, New York 14527
Phone: (315) 536-7328 Fax: (315) 536-2389
- Project Team:**
- | | |
|--------------------|------------------|
| Project Management | Edward Muszynski |
| Affirmative Action | Helen Daniels |
| Environmental | Soo Kang |
- Regional Council:** The Finger Lakes Regional Council has been made aware of this item.

Project Description:

Background

The Finger Lakes Economic Development Center began in 1975, as the Yates County Industrial Development Agency. As Yates County's (the "County") sole economic development agency, FLEDC relies on a broad spectrum of natural resources and targeted development programs to sustain a high level of growth. FLEDC strives to provide services and assistance to new and developing businesses, as well as to established enterprises. FLEDC has also developed additional programs and incentives around some of the County's fastest-growing industries, including agribusiness, tourism and manufacturing. FLEDC needed a fund to provide loans to grow its significant number of organic and viticulture businesses. A wide array of wineries and organic farms have made the County their home.

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In 2009, FLEDC established a revolving loan fund to provide financial assistance to organic and viticulture businesses. To date, using a \$750,000 Executive-sponsored grant previously approved for the project (V903, approved August 19, 2009), FLEDC has made loans to six companies, utilizing \$571,500 of grant funds which have leveraged approximately \$8,137,447.

The Project

FLEDC will use the \$1 million NYSEDAP grant to add to its revolving loan fund. This source will be matched by individual companies and bank loans. All such businesses in the County will be eligible to apply for assistance for capital improvements. The following uses are typical of what the loans would fund:

- Growing of goods – funds for the purchase of land for crop conversion/expansion, facility construction or renovation, machinery (rent or own), installation of irrigation systems, farm windmills, or biofuel initiatives;
- Storing of goods – funds for additional storage facilities (such as silos or warehouses), handling equipment or drying/cleaning equipment;
- Processing of goods – funds for facility construction or renovation, acquisition of machinery and equipment, or line expansion; and
- Buying of goods – funds for specialty display sections at various outlets.

FLEDC has selected a team of local agricultural experts to provide recommendations on best uses for the funds, to keep it apprised of best practices and emerging industry trends, and to identify opportunities for economic growth in the County within these industries. The project is expected to result in the creation of 60 direct new jobs and the retention of several hundred jobs over several years, with an even greater impact when considering jobs at suppliers and customers of the participating companies.

Financing Uses	Amount	Financing Sources	Amount	Percent
Capital Improvements at Beneficiary Companies	\$7,000,000	ESD Grant - W397 - NYSEDAP (Senate)	1,000,000	11%
		ESD Grant - V903 - NYSEDP (Executive)*	\$750,000	14%
		Beneficiary Companies' Match	1,750,000	25%
		Lending Institutions**	3,500,000	50%
Total Project Costs	\$7,000,000	Total Project Financing	\$7,000,000	100%

*Approved by ESD's Directors on August 19, 2009.

**Lenders include Five Star Bank, Seneca Falls Savings Bank, Bank of the Finger Lakes, and Lyons National Bank. Additional lenders are expected.

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Financial Terms and Conditions:

1. Upon execution of the Grant Disbursement Agreement, the Grantee will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Grantee will be obligated to advise ESD of any material or adverse changes in its financial condition prior to disbursement or of any condition that might adversely affect completion of the project.
3. Up to \$1,000,000 will be disbursed to Grantee, no more frequently than monthly, and in proportion to ESD's funding share, for project costs actually incurred by the Grantee or Beneficiary Companies, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after April 1, 2008 to be considered eligible project costs.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$1,000,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

Environmental Review:

ESD staff has determined that the project constitutes a Type II ministerial action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations for the New York State Department of Environmental Conservation. The FLEDC will be responsible for complying with SEQRA as applicable. No further environmental review is required in connection with this authorization.

Affirmative Action:

ESD's Non-Discrimination and Affirmative Action policy will apply. The Grantee and Beneficiary Companies agree to use their best efforts to include minorities and women in any job opportunities created by the project and to solicit and utilize Minority and Women-owned Business Enterprises for any contractual opportunities generated in connection with the project.

Statutory Basis – New York State Economic Development Assistance Program:

The project was authorized in the 2008 - 2009 New York State budget and reappropriated in the 2011 – 2012 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.

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Disclosure and Accountability Certifications:

The Grantee has provided ESD with the required Disclosure and Accountability Certifications. Grantee's certifications indicate that Grantee has no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.