

FOR CONSIDERATION

September 15, 2011

TO: The Directors

FROM: Kenneth Adams

SUBJECT: North Country Region - Essex County – Essex County IDA Community Loan Fund - Empire State Economic Development Fund (Loan Fund Grant)

REQUEST FOR: Authorization to Amend the Grant Agreement with Essex County IDA; Adoption of Amended Guidelines and Regulations; and Authorization to Take Related Actions

---

Background/Project Status:

*Champlain Bridge Recovery:*

In October 2009, the Lake Champlain Bridge, also known as the Crown Point Bridge, (the “Bridge”) was indefinitely closed (and subsequently demolished), and in January 2010, a temporary ferry service was established to provide a short-term transportation option in the same location as the where the demolished bridge was located. The temporary ferry service is free and will continue to operate until the Bridge is rebuilt and reopened. On January 21, 2010, the ESD Directors approved a grant up to \$635,000 to be used for a Community Loan Fund to provide loans and lines of credit of up to \$25,000 with flexible terms to small, independently owned businesses and not-for-profits affected by the closure of the Champlain Bridge and located (A) with respect to assistance for retail and service businesses in the Towns of Crown Point, Moriah, and Ticonderoga, New York, the Village of Port Henry, New York and (B) with respect to assistance for agricultural and manufacturing Businesses, in Essex County, New York. While the temporary ferry service is providing some relief, there is still a need for ESD assistance to address the impact that some businesses are continuing to feel from the closure of the Bridge. Retail businesses continue to see reduced revenue as shopping patterns have changed and are not likely to fully return to pre-Bridge closure levels until after the new Bridge is opened.

To date, \$175,172 of the grant approved has been disbursed to Essex County IDA for five loans to local businesses, totaling \$158,578. In addition, \$16,594 has been disbursed for administrative expenses for the Essex County IDA. Four additional loan applications are currently under review by the Essex County IDA.

*Hurricane Irene Recovery:*

On August 26, 2011, Governor Cuomo declared a state of emergency in New York State in anticipation of Hurricane Irene. Businesses in Essex County and surrounding areas suffered great damage when Hurricane Irene made landfall on August 27, 2011 and from the resulting flooding. Essex County IDA has requested that part of the Lake Champlain Bridge assistance grant that has not yet been disbursed be allocated to assist businesses that have been affected by Hurricane Irene that are located in Essex County, New York.

Revised ESD

Investment:

*Champlain Bridge Recovery:*

Up to \$385,000 of the \$635,000 grant will be used to provide loans and lines of credit to businesses impacted by the closure of the Champlain Bridge.

*Hurricane Irene Recovery:*

Up to \$250,000 of the \$635,000 grant will be used to provide loans for working capital, equipment and refinancing of collateralized debt and lines of credit to businesses impacted by Hurricane Irene.

Revised

Beneficiaries:

*Champlain Bridge Recovery:*

The Essex County IDA currently estimates that nine firms may be eligible.

*Hurricane Irene Recovery:*

The Essex County IDA currently estimates that up to 8 firms may be eligible.

If approved by the Directors, the grant agreement with the Essex County IDA will be amended in accordance with the foregoing in order to provide assistance to businesses located in Essex County and affected by Hurricane Irene.

Amendments to the Guidelines and the Economic Development Fund Regulations:

The Directors are requested to authorize the amendment of the Guidelines in order to allow up to \$250,000 of the \$635,000 grant to be used by the Essex County IDA to provide loans for working capital, equipment and refinancing of collateralized debt and lines of credit to assist businesses affected by Hurricane Irene and located in Essex County. The remaining \$385,000 of the \$635,000 grant will be used by the Essex County IDA in order to provide loans and lines of credit to businesses affected by the closure of the Lake Champlain Bridge. Additionally, the Directors are requested to authorize the amendment of the Economic Development Fund regulations regarding

the Champlain Bridge Recovery Fund in order to provide for such assistance to be provided to businesses affected by Hurricane Irene and located in Essex County, New York.

Environmental Review:

ESD staff has determined that the requested authorization constitutes a Type II emergency action pursuant to Section 617.5(c)(33) as defined by the New York State Environmental Quality Review Act and the implementing regulations of the New York State Department of Environmental Conservation. The authorization to amend the guidelines to allow the use of funding for loans and lines of credit to fill the financial needs of businesses recovering from the impacts of Hurricane Irene constitutes an emergency action necessary for the protection of life, health, property or natural resources. Therefore, no further environmental review is required in connection with the authorization.

Attachments:

Resolutions

ESD Directors' Materials dated January 21, 2010

Proposed Amended Guidelines

Proposed Amended Regulations

September 15, 2011

North Country Region - Essex County – Essex County IDA Community Loan Fund – Empire State Economic Development Fund (Loan Fund Grant) - Authorization to Amend the Grant Agreement with Essex County IDA; Adoption of Amended Guidelines and Regulations; and Authorization to Take Related Actions

---

RESOLVED, that on the basis of the materials (the “Materials”) presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Champlain Bridge and Hurricane Irene recovery program (the “Program”), the Corporation is authorized to amend its Grant Disbursement Agreement, with the Essex County IDA regarding \$635,000 in funding, substantially in accordance with the Materials in order to provide not more than \$385,000 for Lake Champlain Bridge recovery assistance and \$250,000 for Hurricane Irene recovery assistance; and be it further

RESOLVED, that the Corporation hereby authorizes and adopts the changes to the Program guidelines (the such guidelines, as they may from time to time be amended, “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 Corporation hereby authorizes and adopts the changes to the Economic Development Fund regulations with respect to the Champlain Bridge Recovery Fund 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 of the Corporation, or his designee(s), are authorized to take all related actions as he or she deems necessary or appropriate to effectuate the purposes of the Program and these resolutions.

\*\*\*