

**Guidelines for the
Champlain Bridge and Hurricane Irene Recovery Fund — Community Loan Fund
(REVISED September 15, 2011)**

Program

The Champlain Bridge and Hurricane Irene Recovery Fund — Community Loan Fund (the "CLF") is a program established by the New York State Urban Development Corporation d/b/a the Empire State Development Corporation ("ESDC") to provide assistance to small, independently owned and operated manufacturing, agricultural, retail and service businesses and not-for-profit entities that have had business operations affected by (i) the Lake Champlain Bridge closure on October 16, 2009 and (ii) Hurricane Irene on August 27, 2011.

Program Funding

Funding for the CLF is being made available from \$635,000 in state appropriations to ESDC from the Empire State Economic Development Fund ("EDF"). The applicant may receive a grant of up to \$635,000 to capitalize a loan fund that expands its lending products to fill small business financial needs that have arisen since and as a result of (i) the closure of the Lake Champlain Bridge on October 16, 2009 and (ii) Hurricane Irene on August 27, 2011. Up to \$385,000 of the \$635,000 grant will be used to provide loans and lines of credit to businesses and non-profits affected by the closure of the Lake Champlain Bridge. Up to \$250,000 of the \$635,000 grant will be used to provide loans and lines of credit to Essex County businesses and non-profits affected by Hurricane Irene.

This CLF may be used for two general purposes:

Loans to small businesses/not for profits: Fund uses include but are not limited to working capital (payroll, inventory, and other operational expenses), and machinery and equipment expenses that address the impacts from the bridge closure and Hurricane Irene. As loans are paid back, the principal must be used to recapitalize the loan fund for future Essex County loans.

Administration: Up to 10% of the grant proceeds may be used for administration of the Champlain Bridge and Hurricane Irene CLF, including the cost of administering the ESDC grant and other overhead and indirect costs (i.e., a portion of the rent or utilities, contractor assistance, marketing materials, supplies or salaries) associated with the provision of financial assistance. An initial advance of 20% of administrative funds was made upon execution of contract, thereafter administrative expenses will be reimbursed to the contractor in proportion with the loans that are closed. The applicant may also use the interest received from loans made with grant proceeds for administrative purposes.

The project period will extend until the grant has been loaned, this is expected to be by December 31, 2012. There will be a provision for ESDC to recapture all or a portion of the CLF grant if it is determined there is insufficient interest in the program by eligible businesses/not for profits. ESDC will establish reporting requirements to monitor loan activity. The grant is to be used only for the purposes stated in the organization's proposal or otherwise approved, in writing, by ESDC.

All repayments of loans will be used to recapitalize the loan fund for future loans. Prior to closeout, the IDA shall provide a proposal to ESD outlining the terms and conditions by which the recapitalized loan fund will be used.

Applicant

The Essex County IDA ("IDA") was invited to apply for the funds as a sole source contract shortly after the Lake Champlain Bridge was closed, due to its proximity to the target areas of the Towns of Moriah, Crown Point and Ticonderoga and the Village of Port Henry; its knowledge of the businesses; and its experience administering loan funds.

The IDA:

1. is a not for profit in Essex County;
2. has as a primary focus of its activities the provision of financial services for Essex County small businesses, including loans;
3. is legally able to receive and use the proceeds as herein stated;
4. is current with reporting requirements for other ESDC assistance.

The IDA has requested that part of the Champlain Bridge assistance grant that has not yet been disbursed be allocated to assist businesses and non-profits that have been affected by Hurricane Irene that are located in Essex County, New York.

Grant Amount

The grant will not exceed \$635,000.

Eligible Area

At least 50% of the loan funds allocated for businesses affected by the Lake Champlain Bridge closure (\$192,500) shall be for eligible businesses in the Towns of Moriah, Crown Point and Ticonderoga and the Village of Port Henry. The remainder of the funds may be for loans to eligible Essex County businesses.

Application

The completed application for the CLF was received in December 2009 and the Essex County IDA in August, 2011 requested the modification with respect to Hurricane Irene.

Processing

The application was reviewed to evaluate the IDA's experience with business loan products; and feasibility of the terms, operations and marketing of the proposed fund has been confirmed by ESD staff. Staff has determined that the IDA can use its business loan experience and Champlain Bridge closure experience effectively with respect to Hurricane Irene related assistance.

Audit and Control

ESDC may audit loan applications on a random or specified basis for a period extending to three years after the disbursement of the grant. ESDC reserves the right to contact insurance companies and other federal, state and local governmental agencies to confirm information included in the applications.

Availability of Funds

The making of the CLF grant hereunder is explicitly subject to the CLF approval and the allocation of a sufficient amount of CLF Program funds by the New York State Division of Budget.

Non-Discrimination

ESD's Non-Discrimination Policy will apply.

Amendments to Guidelines

ESDC may amend these guidelines from time to time.

Additional Information

Information may be obtained by calling (212) 803-3627.