

EMPIRE STATE DEVELOPMENT

A DESCRIPTION OF THE CORPORATION'S OPERATIONS AND ACCOMPLISHMENTS

Fiscal Year 2012-2013

OVERVIEW & MISSION STATEMENT

The New York State Urban Development Corporation d/b/a Empire State Development Corporation (ESD) is a public finance and development authority that serves as New York's chief economic development agency.

The mission of Empire State Development (adopted November, 2012) is to promote a vigorous and growing economy, prevent economic stagnation, encourage the creation of new job opportunities, increase revenues to the State and its municipalities and achieve stable and diversified local economies. In furtherance of these goals, ESD leverages private investment with loans, grants, tax credits and other forms of financial assistance; assists with site assemblage; and provides targeted relief from legal and regulatory requirements through its participation in projects, programs and other initiatives. ESD's performance of its economic development services is driven by core values that include efficiency, accountability, transparency and collaboration with other public and private sector partners. Its success is measured by the number of jobs created and retained for New Yorkers, the degree to which its public resources leverage new private investment in the State and the number of businesses served, including minority, women-owned and other small businesses. Empire State Development works to promote business investment and growth that leads to job creation and prosperous communities across New York State.

ESD is also the primary administrative agency overseeing Governor Cuomo's Regional Economic Development Councils, New York State Governor's Office for Motion Picture and Television Development, and the marketing of "I Love NY," the State's iconic tourism brand.

In Fiscal Year 2012-13, the ESD Board of Directors approved incentive packages totaling over \$240 million to more than 200 companies and organizations, which pledged to retain 12,355 existing jobs and to create 2,424 new jobs in New York State. The funding for these projects will leverage \$1.8 billion in private investment across the state.

ESD Leadership

Kenneth Adams was appointed Empire State Development President and CEO, as well as Commissioner of the New York State Department of Economic Development (DED), by Governor Andrew M. Cuomo in January 2011 and confirmed by the New York State Senate in April 2011.

Mr. Adams works to promote economic practices that attract business and create jobs throughout New York State and works closely with Lieutenant Governor Robert Duffy to implement the Cuomo Administration's primary job creation and economic development initiative - Regional Economic Development Councils.

As part of Governor Cuomo's plan to diversify the development agency's leadership structure, he has separated the roles of CEO and Chairperson. Julie Shimer, PhD, then current CEO and President of Welch Allyn, was confirmed Chair of Empire State Development Board of Directors in June 2011 to bring a specific understanding of the issues facing economic development in upstate New York. Ms. Shimer resigned from the ESD Board of Directors in December, 2012.

PROGRAMS & INITIATIVES

Regional Economic Development Councils

Governor Cuomo's Regional Economic Development Councils and the Consolidated Funding Application (CFA) process have transformed economic development in New York State, creating a statewide framework for bottom-up regional economic growth. Statewide, the first two rounds included \$1.5 billion in investments to support more than 1,400 projects, which are creating or helping to retain an estimated 75,000 jobs. Specifically in Round 2, \$738 million was awarded to 725 projects.

Empire State Economic Development Fund (EDF)

The Economic Development Fund assists companies with general development financing. It helps increase business activity in the state, facilitates the creation and retention of jobs, and supports other economic development initiatives.

Financing may be available for:

- Construction, expansion and rehabilitation of facilities;
- Acquisition of machinery and equipment;
- Working capital; and
- Training of full-time permanent employees.

New York State Land Bank Program

In Fiscal Year 2012-13, ESD approved three applications from municipalities seeking to create land banks to redevelop vacant or abandoned properties in their communities. The Round 2 approved applicants were Suffolk County; Broome County; and the City of Rochester. The Land Bank Program permits municipalities to apply for and create land banks in their communities upon approval of ESD. Land banks are not-for-profit corporations created to take control and redevelop vacant or abandoned properties to where they can better serve the public interest. In May 2012, the Governor announced the approval of five Round 1 applicants, which included the cities of Buffalo, Lackawanna, Tonawanda and Erie County; the City of Syracuse and Onondaga County; the City of Schenectady, County of Schenectady and City of Amsterdam; Chautauqua County and City of Newburgh.

Small Business Programs

Working with other state agencies and our partners in private industry, ESD has undertaken a leading role in a wide array of economic assistance programs geared at helping small businesses start, grow and invest in New York State.

Innovate NY Fund

The Innovate NY Fund is a new \$45 million seed-stage equity fund—\$35 million from the State and \$10 million from Goldman Sachs—to support innovation, job creation, and high growth entrepreneurship throughout the state. A total of seven regional seed funds were competitively selected to invest in companies that have emerging business ideas and products. This program is active with these seven investment funds, and equity investments of up to \$500,000 (\$750,000 for bio tech firms) are available and being made under this program.

Capital Access Program

The Capital Access Program provides approximately matching funds to loan loss reserve pools at financial intuitions as an incentive to increase small business lending. Since launching in April, 2012, the Capital Access Program has facilitated nearly \$9 million in small business loans.

The NYS Surety Bond Assistance Program

The NYS Surety Bond Assistance Program provides technical and financial assistance to help small and minority – and women-owned businesses secure surety bonding. ESD provides guarantees of up to 30% on a bond line or individual contract bid bonds and payment/performance bonds utilizing \$10 million from the SSBCI program. Small businesses can receive training and technical support through our training partners as this is a coordinated statewide program across various agencies. Since 2012, over 100 small businesses and MWBEs graduated from bond readiness training, and small business and MWBE contractors received approximately \$40 million in surety bonding authority as a result of New York State training, credit facilitation, and/or surety bond collateral support.

The Small Business Revolving Loan Fund

Aimed at “Main Street,” everyday businesses, this fund was designed to provide at least \$50 million (\$25 million in State funds/\$25 million in private matching funds contributed from 20 intermediary lending partners that were selected through a Request for Proposal (RFP) process) in loans to small businesses across New York State. The fund is used to support a wide range of small businesses, including mom and pop businesses, retail, service and manufacturing businesses. Specific loan terms are based on an individual business’s needs, and interest rates are competitive, with loan amounts ranging from micro-loans of under \$25,000 to larger loans of \$125,000. These larger loans, combined with matching funds, could total as much as \$250,000. Over 75 percent of New York State funds have been deployed and the match is greater than 1 to 1; in total over \$50 million has been deployed under the program within the last two years.

The Linked Deposit Program

The Linked Deposit Program offers subsidized interest rate loans to small businesses operating in New York State. In 2011, the lifetime limit on low-interest loans permitted by the Linked Deposit Program was increased from \$1 million to \$2 million, making more dollars available for small businesses to grow and create jobs across New York State. In April 2012, an additional legislative change was enacted to allow all agricultural businesses, not just those located in an economically disadvantaged area, to qualify for the higher interest rate subsidy of 3%. The program assists existing New York State small businesses obtain reduced-rate financing for

investments in projects that improve their performance, competitiveness, market access and product development. Through the program, businesses are able to obtain “linked loans” from commercial banks, savings banks, saving and loan associations, farm credit institutions or the New York Business Development Corporation at a reduced interest rate.

Entrepreneurial Assistance Program (EAP)

The Entrepreneurial Assistance Program provides new and aspiring entrepreneurs with in-depth assistance to help them start their businesses. Though the program is available for all those interested in starting a new business, it particularly assists minorities, women and dislocated workers. Assistance includes:

- Counseling on feasibility of starting a business;
- Refining a business concept and developing a business plan;
- Education in established management principles and practices;
- Guidance in exporting, contract procurement and licensing;
- One-on-one counseling to identify and access capital and credit;
- Access to business support networks; and
- Supporting client efforts to obtain business financing.

During the past three years, EAP centers have increased outcomes by over 100% and have helped entrepreneurs achieve the following outcomes:

- Launched 549 businesses
- 1,262 businesses increased sales by \$56.7 million
- EAP clients created 1,488 new jobs
- EAP clients secured 617 loans totaling \$20.8 million

Community Development Financial Institution (CDFI) Assistance Program

The CDFI Assistance Program provides grant support to CDFIs that, in turn, provide loans to small businesses who do not qualify for bank loans. CDFIs also provide one-on-one counseling and business development assistance to facilitate credit-readiness. Since 1998, Empire State Development (ESD) has approved approximately \$19 million in grants to 49 different CDFIs statewide to improve both the quality and quantity of the services they provide to their communities. In the past reporting period, CDFI Assistance Program funds helped participating organizations close over 753 small business loans totaling over \$25.3 million, 75% of those loans going to MWBEs.

Additional Small Business Revolving Loan Funds

In addition to the Small Business Revolving Loan Fund, ESD administers four other revolving loan trust fund programs: the Minority and Women-Owned Business Revolving Loan Trust Fund, the Regional Revolving Loan Trust Fund; the Microenterprise Loan Fund; and the Commercial District Revolving Loan Trust Fund. ESD initially allocated more than \$9.3 Million to 37 not-for profit/community-based economic development organizations located throughout the State. Since 1994, through the 26 current participating lenders, the Revolving Loan Trust Fund programs have disbursed loans totaling over \$19.8 Million to approximately 572 small and minority/women-owned businesses.

Small Business Technology Investment Fund

The Small Business Technology Investment Fund (SBTIF) is a state-run early-stage venture capital fund, which has invested \$45 million in 142 early-stage, high-tech, New York based companies since its launching in 1982, which leveraged a total of \$162.5 million of investment from private venture capital funds and local angel investors. Currently the SBTIF portfolio consists of 20 portfolio companies in the fields of software, biotechnology, medical devices, optics, telecommunications, advanced materials, energy, and green technology. It has also invested in two seed stage funds, one in Western New York and one in New York City.

New York State Emergency Small Business Loan Program

In the immediate aftermath of Storm Sandy, the State launched a \$10 million emergency loan fund program to assist small businesses in conjunction with New York Bankers Association and New York Business Development Corporation. The program was launched to support independently owned and operated businesses in the regions designated as disaster areas with the loan funds used to replace or repair damaged assets and inventory, and for working capital losses incurred due to business interruption. More than \$3 million has been approved to date. ESD is also supporting the greatly expanded Storm Sandy small business programs funded by the federal government and administered by New York State Homes and Community Renewal.

Building New York State's Wine, Beer and Spirits Industries

In October 2012, Governor Cuomo hosted New York's Wine, Beer and Spirits Summit, bringing together industry leaders to discuss specific legislative and regulatory issues facing the beer and wine industry. Plans were announced for a new marketing campaign to promote state-produced wine, beer, cider and spirits sales and tourism, as well as a series of regulatory reforms that will significantly reduce business costs for beverage producers. The Summit also led to the launch of a one stop shop run by ESD that is designed to provide New York's wine, beer, and spirits producers with a single point of government contact for assistance regarding regulations, licensing, state incentives, and any other questions or issues facing the industry.

New York State Became America's Yogurt Capital

In 2011, New York's dairy manufacturers employed an estimated 8,070 people with total wages of \$414 million, a 14 percent increase from 2005. The significant increase of yogurt production in New York has had a positive effect on businesses throughout state, not only for the yogurt industry, but for dairy farms, manufacturers and local communities across New York. Seeking to preserve the state's position as a leader in yogurt production, in August 2012, Governor Cuomo hosted New York's first Yogurt Summit, bringing together industry leaders, farmers, and other stakeholders to discuss ways to remove barriers and find new ideas to support the industry. New York State is now officially America's Yogurt Capital, surpassing California in 2012 as the top producer of yogurt in the United States. ESD assisted several companies in the industry, including Agrana Fruit, the top producer of fruit preparations for the dairy industry, which will build a new manufacturing and distribution operation in the town of Lysander, in Onondaga County, investing more than \$50 million and creating approximately 120 new jobs.