

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.

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 2013-14, the ESD Directors approved funding totaling over \$467 million to more than 240 companies and organizations, which pledged to retain more than 16,000 existing jobs and to create more than 5,300 new jobs in New York State. The funding for these projects will leverage nearly \$4 billion in additional 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 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. The role of the Chair of Empire State Development Board of Directors has been vacant since December, 2012.

PROGRAMS & INITIATIVES

START-UP NY

START-UP NY was passed by the Legislature as part of the 2013-14 State Budget. Governor Cuomo's START-UP NY initiative is a game-changing initiative that will transform SUNY campuses and university communities across the state into tax-free communities that attract start-ups, venture capital, new business, and investments from across the world. The program will attract companies to bring their ventures to Upstate New York or to start new companies within New York by offering new businesses the opportunity to operate tax-free – including no income tax for employees and no sales, property or business tax – while also partnering with the world-class higher education institutions in the SUNY system. The program sets aside 125 million square feet of space on or around public and private university campuses all across the state. In March, 2014, the first eight START-UP NY plans were approved, including Upstate institutions like SUNY Albany, SUNY Buffalo, Onondaga Community College, Monroe Community College, and downstate universities like SUNY Downstate.

Innovation Hot Spots

The New York State Business Incubator and Innovation Hot Spot Program was enacted as part of the 2013-14 State Budget and provides significant financial support for business incubators in the state. The goal of the program is to improve the quantity and quality of incubator services provided to young companies, thereby enabling these businesses to successfully transition from their startup phase to larger scale commercialization of their products and services. Importantly, this program will provide ESD with valuable information on the companies which are at the early stage of entry into the state's "Innovation Pipeline". ESD is administering the competitive process for the designation of New York State Business Incubators and New York State Innovation Hot Spots. Applications were received and reviewed through the Consolidated Funding Application (CFA) process and awards were announced on December 11, 2013. Ten designated Business Incubators and five Innovation Hot Spots were awarded operating grants (\$250,000 for Hot Spots and \$125,000 for Business Incubators). Each region of the state received at least one designation for a Hot Spot or Business Incubator.

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. The Regional Councils have redefined the way New York invests in jobs and economic growth by putting in place a community-based approach and establishing a competitive process for State resources. After three rounds of the REDC process, more than \$2 billion has been awarded to job creation and community development projects consistent with each region's strategic plans, resulting in creation or retention of more than 100,000 jobs. Specifically in Round 3, on December 11, 2013, \$715.9 million was awarded to 824 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 2013-2014, no new Land Banks were approved, although the state is still accepting applications. In February 2013, 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.

Buffalo Billion

The state made a historic commitment in January 2012 of \$1 billion to be invested in the Greater Buffalo Niagara region economy to create jobs for the current population while laying a foundation of sustainable economic opportunity for future generations. The 2013-2014 Executive Budget provided \$100 million in funding and Excelsior tax credits as part of the Governor's ten-year \$1 billion commitment to revitalize Buffalo's regional economy. In February 2013, the WNYREDC released its Buffalo Billion Investment Development Plan, which serves as a roadmap for implementation of signature investable initiatives. Since then, Buffalo Billion funding has been allocated to a one-mile stretch of the Robert Moses Parkway in Niagara Falls, Advance Buffalo, Buffalo High-Tech Manufacturing Innovation Hub at RiverBend, Buffalo Medical Innovation & Commercialization Hub, 43North global business plan competition, Genome Research Partnership, and other initiatives.

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 federal government (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 equity investment 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. For fiscal year 2013-2014, a total of \$101 million in Innovate NY funds (\$16 million of Innovate NY investment and \$85 million of matching private investment) were invested in 47 startup-up and seed stage companies to create an estimated 408 new jobs and retain 405 existing jobs.

Capital Access Program

The Capital Access Program provides matching funds to loan loss reserve pools at financial intuitions as an incentive to increase small business lending. The Capital Access Program has facilitated nearly \$5.5 million in small business loans in 2013, for a total of \$12.4 million since the program's launch in April 2012.

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 inception, over 240 small businesses and MWBEs graduated from bond readiness training and small business and MWBE contractors received approximately \$44 million in surety bonding authority as a result of New York State training, credit facilitation, and surety bond collateral support. Through the collateral support portion alone, \$2.15 million in guarantees has resulted in over \$13.5 million in bonding.

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. As of December 31, 2013, 3,467 loans totaling \$66,789,664 (\$24,435,378 of ESD's funds and \$42,354,144 in matching funds) were made statewide to small businesses with the average size being \$19,265. As of December 31, 2013, these loans resulted in 1,281 new businesses being launched; 1,694 businesses increasing in size; the creation of 4,029 new jobs; and, the retention of 4,884 jobs.

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 Institutions (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 \$21.9 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, calendar year 2013, CDFI Assistance Program funds helped participating organizations close over 22,661 small business loans totaling over \$70 million, 98% 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 \$20.6 million to approximately 596 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 \$165 million of investment from private venture capital funds and local angel investors. Currently the SBTIF portfolio consists of 18 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. The Fund invested \$135, 567 in fiscal year 2013-2014 in Clean Tech and Advanced Manufacturing companies in Upstate NY.

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 140 loans totaling over \$3.2 million was awarded to NYS small businesses.

Beverage Industry

The one stop shop was created within ESD as a result of suggestions made during Governor Cuomo's Wine, Beer, and Spirits Summit held in October 2012. Summit participants raised concerns about the number of different state agencies that they must deal with not only to go into business, but to stay in compliance. These businesses, many of whom are small and do not retain attorneys on a full time basis, do not know what agency they must deal with for a particular issue and therefore can be unnecessarily subject to avoidable fines. To address this issue, the Governor announced that a one-stop shop would be established within Empire State Development, and has since committed to expanding the one stop as a result of the second Wine, Beer, and Spirits Summit. In fiscal year 2013-2014, the one stop has fielded direct requests from over 300 business owners and entrepreneurs—120 wineries; 119 breweries; 45 distilleries; and 19 cideries.