

ONONDAGA CIVIC DEVELOPMENT CORPORATION
Regular Meeting Minutes
October 17, 2018

The Regular meeting of the Onondaga Civic Development Corporation was held on Wednesday, October 17, 2018 at 333 West Washington Street, Syracuse, New York, 13202, in the large conference room on the 1st floor.

Ben Dublin called the meeting to order at 11:44 am with the following:

PRESENT:

Alison Miller
Matthew Marko
Dennis Duval
Michael LaFlair
Richard Zaccaria
Alison Miller

ABSENT:

James Jordan
Ben Dublin

ALSO PRESENT:

Julie Cerio, President/CEO
Brian Bartlett, Secretary
Nate Stevens, Treasurer
Karen Doster, Recording Secretary
Quante Wright, Office of Economic Development
Chris Andreucci, Harris Beach
Bill Fisher, Board Member, GSSDC
Ken Bush, Onondaga County Legislature
Nuriyah Bone'-Owens, NEST

APPROVAL OF REGULAR MEETING MINUTES SEPTEMBER 5, 2018

Upon a motion by Michael LaFlair, seconded by Richard Zaccaria, the OCDC Board approved the regular meeting minutes of September 5, 2018. Motion was carried unanimously.

TREASURER'S REPORT

Nate Stevens gave a brief review of the Treasurer's Report for the month of September 2018.

Upon a motion by Dennis Duval, seconded by Richard Zaccaria, the OCIDA Board approved the Treasurer's Report for the month of September 2018. Motion was carried unanimously.

PAYMENT OF BILLS

Nate Stevens gave a brief review of the Payment of Bills Schedule #76.

Upon a motion by Alison Miller, seconded by Dennis Duval, the OCDC Board approved the Payment of Bills scheduled #76 with General Expenses being \$31,653.12. Motion was carried unanimously.

CONFLICT OF INTEREST

The Conflict of Interest was circulated and there were no comments.

REVIEW AND APPROVE 2019 BUDGET

Nate Stevens asked if there were any questions on the 2019 budget. There were none.

Upon a motion by Michael LaFlair, seconded by Alison Miller, the OCDC Board approved a resolution accepting the 2019 OCDC budget. Motion was carried.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION (GSSDC)

Bill Fisher stated he is the Director and General Manager of a nonprofit called Greater Syracuse Soundstage Development Corporation. He stated County Executive Mahoney formed the corporation in June in response to a request from Empire State Development who was interested in seeing a transfer of control of what used to be the CNY Film Hub. He stated it was built by the State and run by a subsidiary of CNY POLY called Fort Schuyler Management Corporation. He stated it was transferred over to the GSSDC. He stated he was appointed along with County

Attorney Bob Duerr and County CFO Steve Morgan as the three directors. He stated he was subsequently chosen as General Manager and is an unpaid appointment. He stated he has no financial interest or other interest in the sound stage. He stated they now manage 24 Aspen Park Boulevard which is a state of the art 52,000 sq ft sound stage with production offices. He stated nearly a dozen films were shot there including two since they took over in June.

Bill Fisher stated the first item they are requesting is a bridge loan. He stated the purposes of the loan would be to buy capital equipment and working capital. He stated it is a bridge to a grant that Empire State Development has signed with the sound stage. He stated the first step after the grant award public announcement is to sign an incentive proposal and was signed. He stated the next step is to finalize all the project documents and that is to go before Empire state Development on November 15. He stated there is a grant application that is part of the incentive proposal for \$1,700,000. He stated \$1,500,000 is for a capital grant which would be the source of reimbursement for any of the capital expenditures. He stated there is also a \$200,000 working capital grant and the portion of the loan used for working capital will be reimbursed out of the working capital portion of the \$1,700,000.

Bill Fisher stated one of the problems film makers have when they come here is it is expensive to rent the trucks that move rented equipment. He stated they have to rent equipment and there are no rental houses in CNY yet so they have to rent trucks that typically come from NYC. He stated the trucks are driven by teamsters so they need to be paid to go to NYC and bring them back. He stated they have tracked down two 10 ton trucks used in the industry in Colorado. He stated they are perfectly suited for moving this equipment to the locations. He stated normally these trucks are \$125,000 each and they have a quote from a company in Littleton, Colorado for 2 trucks at \$50,000. He stated that they have found that when people come into the sound stage they need lighting trusses. He stated there is no lighting here so they rent lighting from various places for thousands of dollars per week. He stated they have negotiated with a group from New Jersey to get credit for a rental that has been paid already and for \$50,000 we can buy the lighting truss and other equipment that will allow us to have lighting. He stated this will make it easier for film makers to come onto our set and shoot the movies more economically than if they had to rent the trucks, hire the teamsters and rent the lighting equipment. He stated the request is for \$125,000. He stated sources of the payment would be the grant disbursement agreement and they are working with M & T bank to loan against the capital portion of the grant. He stated that

is a reimbursement grant and you have to spend the money first. He stated M & T has indicated an interest in loaning the money against the \$1,500,000 grant. He stated the other portion of it is working capital grant and the terms of that with the State are that half of \$200,000 comes up front. He stated as soon as they get the \$100,000 in from the State which should be in the January timeframe, they will repay the working capital portion. He stated as soon as the bank financing gets in place for the capital grant portion they will pay it back. He stated they said June 30 because they were asked to give a firm date but they hope if they pay it off early.

Julie Cerio stated we had another loan with Strathmore Huntley with same terms and this is well within our power to do.

Dennis Duval asked if we are going to lease back the equipment to the proposed film makers. Bill Fisher stated the lighting allows for renting the stage for more. He stated it seems to be the industry practice that lighting is included and the fact we don't have it makes us less marketable. He stated they think the trucks will be something they can rent or lease and earn our money back.

Matthew Marko asked what the terms of the loan are. Julie Cerio stated we are going to fund it the same way we did with Strathmore Huntley. She stated we will work out the terms, we have end date, interest and we won't charge a penalty if they pay early.

Bill Fisher asked if it will be like LIBOR plus 2%. Julie Cerio stated yes. She stated we had compounding interest on the last loan and she doesn't think that is necessary and caused more problems.

Chris Andreucci asked if it will be simple interest. Julie Cerio agreed.

Matthew Mark asked if the attorney fees are separate from the loan or wrapped into the loan. Chris Andreucci stated for Strathmore Huntly OCDC paid for their attorney fees.

Chris Andreucci asked Bill Fisher if they will pay for their own. Bill Fisher stated yes.

Upon a motion by Dennis Duval, seconded by Michael LaFlair, the OCDC Board approved a resolution approving the terms of the loan agreement of \$125,000 and authorizing an office of the corporation to sign necessary contracts and documents. Motion was carried.

Bill Fisher stated there is a production called "What's In The Shed" by a production company called A Wing and a Prayer Pictures and Josh Crook is one of the Executive Producers. He stated it is a unique movie because it is smaller and the budget spent here locally is \$450,000. He stated typically they come up here and shoot a couple scenes and get the tax credit then they go down to NYC to do most of the movie. He stated 90% or more of this movie was shot here and the post production, editing, was done here. He stated they had to rent trucks, put people in hotels and pay per diem. He stated there is little bit of an extra tax credit for the labor component. He stated hopefully this is a template for future movies where we are trying to get more shot here and the post production done here. He stated they have completed their shooting and in post-production. He stated they are running low on funds and we would like them to finish. He stated they have already agreed the Greater Syracuse Film Office will go on their credits. He stated they have all the sound and video capture that they need. He stated the requested amount is 15% of the total spending in CNY. He stated they have already spent \$450,000 here and wouldn't be spending any more here but it would allow them to finish their movie and market to the industry. He stated it will not only help them finish their movie but also attract a couple of larger movies that Josh has in the pre-production stage.

Richard Zaccaria asked if the funds were not available is it foreseen the movie would not be completed. Bill Fisher stated it is hard to say because film makers are confident the movie will get the talent they promise and they will get the money to finance shooting the movie and for post-production.

Richard Zaccaria stated the last film approved the funding for was 2 years in post-production. He asked if they didn't get the \$67,500 would they be able to finish it. Bill Fisher stated they are expressing confidence that at some point they would find the money and would be able to finish it. He stated we know with this grant they will finish quickly. He stated he has talked to Josh about the specific marketing plans and those are realistic. He stated it doesn't go into theaters but there is a very active market place with Netflix and others buying it for that type of distribution channel. He stated they believe they will be successful in marketing it to those types

of channels with the budget they have and with the grant they would be able to complete the marketing plan they have.

Matthew Marko asked if there is a contract drafted and what are the obligations. Chris Andreucci stated there is a standard form contract for this type of grant. Chris Andreucci stated there are reporting requirements, they have to finish within a certain amount of time, they have to come back and report to the extent the Board wants them to and they have to meet the objectives set forth in their application.

Richard Zaccaria asked what the time frame for completion is. Julie Cerio stated it is usually based on what they promise us and then we give them a couple extra months because this board doesn't meet every month.

Richard Zaccaria asked what happens if they don't complete it in that time period. Julie Cerio stated they need to come back to the Board and report and give us a date they are going to complete. She stated we have claw back provisions in our contract. Chris Andreucci stated they have to expend those funds by a certain amount of time and if they don't expend those funds by that time they have to come back because their authority to spend them has gone away. Julie Cerio stated it is spelled out in the contract.

Matthew Marko stated they would document reimbursement. Bill Fisher stated he can provide this information because they have to submit the same information to New York State. He stated when the money is spent and documented; they can get a tax credit from NYS so they have to do it to get their tax credit.

Upon a motion by Alison Miller, seconded by Dennis Duval, the OCDC Board approved a resolution approving Economic Growth Funds of \$67,500 to facilitate the completion and marketing of the film "what's in the Shed". Richard Zaccaria opposed. Motion was carried.

HANCOCK AIRPARK

Julie Cerio stated OCDC is landlords and own 2 buildings at the airport. She stated we are in the process of selling one currently, we have accepted an offer and waiting to close on the Addcom

building. She stated a purchase offer of \$108,000 was received for the CES building by the current tenant. She stated in the past shortly after we took over management of the airpark the buildings were appraised and they were appraised really high. She stated this building is assessed at \$395,000 and appraised at \$245,000. She stated Addcom also appraised higher than expected. She stated it is filled concrete walls so the heating is not optimal and OCDC had to put in an entire new heating system as well as a sump pump due to 5 feet of water in the basement. She stated the water was successfully drained but now it is back on another side of the building requiring a second sump pump. She stated staff spends an inordinate amount of time with things going wrong in the buildings because they are old. She stated currently we have a crack in the corner of the building and cold air is blowing in and they have had no heat for 2 days. She stated the maintenance crew was sent, it was fixed and it shut down again today. She stated a heating company was sent today to see why the heat is shutting off. She stated the furnace is old so we may have to purchase a new furnace. She stated we are also in the process of finding out what the second sump pump will cost or the basement. She stated there are a lot of problems with the urinal in the men's bathroom, the lighting and plumbing is backing up into their laboratories. She stated staff is constantly running interference with these buildings and rent is paying for the maintenance we are constantly doing but we are getting close. She stated when they originally talked about buying it the Board asked for them to go and get their own appraisal. She stated Harlan LeVine did a separate appraisal looking at the comps in the area and they came up with an appraised value of \$143,000. She stated using the income method they came up with an appraised value of \$146,000. She stated the offer before the board explains how they came up with \$108,000. She stated OCDC took just over half acre of their property when the building next door was sold to Helping Hounds. She stated Syracuse Label located across the street has expressed interest because they are going to expand again and don't want any neighbors in case they want to expand more. She stated we can certainly show it to them and would be subject to the lease ending January 2020. She stated she is looking for some direction from the Board. She stated we can counter offer. She stated parts of their offer were ridiculous and we have had our counsel review and have responded to the pieces in the offer. She stated they did not response because they are trying to cut down on the attorney's fees and wanted to see the Board's appetite for this type of offer. She stated they didn't want their attorney making any changes to the documents until they heard from OCDC. She stated we can continue to show it and we have not listed it but we can subject to the lease. She stated it is an old building and needs constant fixes.

She stated today it could be \$5,000 or they may need a \$10,000 furnace. She stated she thinks now that they have an offer in they are pointing our every deficit to the building.

Dennis Duval asked when they would take possession of the building for us to circumvent any additional expenses relative to what they claim. Julie Cerio stated whoever was there before them had all kinds of chemicals and they say people were dumping stuff down the drain. She stated Travis Glazier who is the Director of the County Environment said no. She stated the building came out clean and needed no additional testing. She stated we have no reason to believe that there are any environmental hazards. She stated they want to do their own testing.

Richard Zaccaria stated even if we were fair and say somewhere in the middle, \$108,000 it is still \$90,000 less than appraised value. He asked how long they have been renting this building from OCDC. Brian Bartlett stated since 2014.

Richard Zaccaria stated they have been paying OCDC rent since 2014. Julie Cerio stated yes.

Richard Zaccaria asked if it is fair to say that since 2014 until present time there weren't a lot of expenses going out for maintenance that were causing us to break even on the property. Julie Cerio stated since OCDC took it over there have been ongoing issues.

Rick Zaccaria stated from a standpoint from when we took over as a totality we are probably still in the black. Julie Cerio stated we are close and she can get the Board all of those numbers. She stated just before OCDC took over the building someone came in and ripped out the heating system. She stated a whole heating system had to be done, the parking lot was repaved and then the sump pump made for an expensive year. Mike LaFlair stated add in staff time as well.

Julie Cerio stated also the fire system has failed fire inspection. She stated the current system is antiquated and doesn't fit with the new codes and the Town is telling us \$20,000 to upgrade the fire system.

Michael LaFlair asked if that is based on the usage as well. He stated if somebody comes in to do other things, their system requirements may be different and that additional cost should be

borne by them because it is there specific need. Julie Cerio stated it has been the same use since 2014 and it must have passed last year. She stated the lease says that OCDC is liable for all.

Matthew Marko stated he is as interested in getting rid of this property but he doesn't see getting rid of it immediately is going to get us out of the heating crisis. He stated the \$108,000 offer is low.

Richard Zaccaria stated the improvements that have been made are permanent improvements. He stated the parking lot is a 10 year improvement including the heating system.

Matthew Markos stated if we are in for a possible \$10,000 expense and we have done these other long term expenses, why wouldn't we at least list it and see what happens.

Julie Cerio stated she doesn't think the \$108,000 is going to be their bottom line. She stated the other thing we could do is counter and say as is and not incur any further expenses are.

Alison Miller asked if the lease gives them the right to first refusal. Chris Andreucci stated no.

Julie Cerio stated we are going to get a second quote and maybe a third on the heating system.

Alison Miller asked if there is a timeframe for the contract. Chris Andreucci stated no timeframe.

Michael LaFlair stated we could go to Syracuse Label and let them know we have an offer on the table if they want to move forward. He stated we can always reject the current one.

Julie Cerio stated it was suggested doing a land lease and lease it to them for less rent than we are currently getting and they take care of everything that is wrong. She stated we could accept less rent with no responsibility moving forward continuing until their lease runs out. Brian Bartlett stated the current rent is \$2,200.

Matthew Marko stated we need to sort out the action the Board is going to do and table until next month.

Julie Cerio stated in the meantime we will show it. Brian Bartlett asked if the Board would like him to talk to the realtor and market it. Matthew Marko stated not until we talk with Syracuse Label. He stated talk to Label and let them know we have an offer.

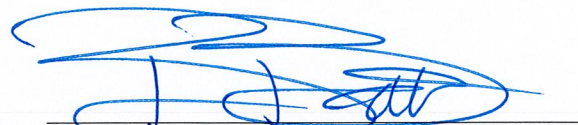
Julie Cerio stated we are probably going to have to fix the heat no matter what the Board decides to do.

Matthew Marko stated the issue will be tabled until next meeting.

APPOINTMENT OF COMMITTEE MEMBERS

Upon a motion by Dennis Duval, seconded by Matthew Marko, the OCDC Board approved a resolution appointing Richard Zaccaria and Michael LaFlair to the Audit Committee, removing Ben Dublin from the Audit Committee and removing Richard Zaccaria from the Governance Committee. Motion was carried.

Upon a motion by Matthew Marko adjourned the meeting at 12:34pm. Motion was carried unanimously.



Brian M. Bartlett, Secretary