

Onondaga County Industrial Development Agency  
Regular Meeting Minutes  
March 11, 2014

The regular meeting of the Onondaga County Industrial Development Agency was held on Tuesday, March 11, 2014 at the 333 West Washington Street, Syracuse, New York in the large conference room on the first floor.

Chairperson Donna DeSiato called the meeting to order at 8:15 am with the following:

PRESENT:

Donna DeSiato  
Daniel Queri  
Jessica Crawford  
Janice Herzog  
Michael Allen  
Lisa Dell  
Victor Ianno

ALSO PRESENT:

Mary Beth Primo, OCIDA, Executive Director  
Julie Cerio, Office of Economic Development  
Kristi Smiley, OCIDA, Secretary & Treasurer  
Karen Doster, Recording Secretary, Agency  
Nora Spillane, Office of Economic Development  
Linda McShane, Office of Economic Development  
Tony Rivizzigno, Gilberti Law Firm  
William Weir, Nixon Peabody, LLP  
Barry Carrigan, Nixon Peabody, LLP  
David Aitken, Destiny USA  
Marc Strang, Destiny USA  
Wendy Reese, Costello, Cooney & Fearon  
David Moynihan, Testone, Marshall & Discenza  
Keeley Hines, Testone, Marshall & Discenza  
Patrick Mocete, County Legislature  
Jeff Murry, Carpenter's Local 252  
Marty Masterpole, City of Syracuse Auditor  
Aggis Lane, Urban Jobs Task Force  
Lionel Logan, Urban Jobs Task Force  
Linda Donald, Urban Jobs Task Force  
Bob Andrews, Citizen

APPROVAL OF REGULAR MEETING MINUTES – FEBRUARY 4, 2014

Upon a motion by Michael Allen, seconded by Victor Ianno, the OCIDA Board approved the regular minutes of February 4, 10, 2014. Motion was carried.

### TREASURER'S REPORT

Kristi Smiley gave a brief review of the Treasurer's Report for the month of February 2014.

Upon a motion by Lisa Dell, seconded by Daniel Queri, the OCIDA Board approved the Treasurer's Report for the month of February 2014. Motion was carried.

### PAYMENT OF BILLS – SCHEDULE #372

Kristi Smiley gave a brief review of the OCIDA Payment of Bills Schedule #372.

Upon a motion by Victor Ianno, seconded by Janice Crawford, the OCIDA Board approved the Payment of Bills, Schedule #372 with General Expenses being \$269,687.09 and PILOT payments to Town of DeWitt for \$11,595.29, Town of Geddes for \$18,086.15, Town of Manlius for \$22,895.58, Town of Skaneateles for \$17,067.67, Village of Solvay for \$72,188.60, East Syracuse Minoa School District for \$66,434.97, Skaneateles School District for \$79,912.55, Solvay School District for \$179,988.60 and Onondaga County for \$144,123.8 . Motion was carried.

### CONFLICT OF INTEREST DISCLOSURE

The Conflict of Interest Statement was circulated.

### DESTINY USA REAL ESTATE LLC: PROJECT REVIEW AND PUBLIC HEARING

Mary Beth Primo gave an overview of the potential conflicts with the Agency, its Counsel, and the proposed project. She stated that Dan Queri, Mike Allen and Janice Herzog are members of the Board and will be recusing themselves from acting on any action on this project either because they have a potential conflict or they have a relationship that could appear to be a conflict. She stated that Bill Weir is here today from Nixon Peabody and if the Board chooses the firm he will be representing OCIDA on this project.

Bill Weir stated that he is here with Barry Carrigan who is a Senior Associate in the firm. He stated that Nixon Peabody has been actively representing IDAs across New York State since the 70's and are one of the largest public finance practices in the Country. He stated that he has been doing this for over 28 years representing IDAs from Western NY, to Eastern Long Island down the Hudson Valley. He stated that he has a tremendous amount of experience doing projects like this and they are familiar with the original Destiny USA project.

Donna DeSiato stated that the Board has had an opportunity to review Nixon Peabody's credentials.

Upon a motion by Victor Ianno, seconded by Jessica Crawford, the OCIDA Board approved a resolution appointing Nixon Peabody, LLP as Special Counsel to OCIDA for the Destiny USA Real Estate LLC project, 3 Board members abstained

Mary Beth Primo stated that there are some questions as to whether this project is a project that will be a net wealth generator for and benefit the community. She stated that although the Agency will be seeking and contracting for a study to review the project and its potential impacts on the community, and it will ask the developer to pay for it.

Donna DeSiato stated that the feasibility study would give the Agency more information. She stated that the Agency will not act today.

David Aitken stated that he is a member of the Destiny USA team and he is before the Board this morning in regard to the application. He stated that there is a slight adjust where there will be 255 rooms based upon the final design layout and he will work with Kristi Smiley to update that. He stated that he will walk through the \$75,000,000 privately financed project, explain the steps that Destiny has taken to get where they are today and outlining the growth and tourism. He stated that they firmly believe it a net tourist generator and it is an outgrowth of Destiny. He stated that they are working on converting day trips to overnight visitors.

David Aitken stated that the request for financial assistance is similar to the other hotel projects that have advanced in the region. He stated that hospitality interest began to grow given the size, change in Canadian duty free requirements, heavy advertising in the longer distance markets. He stated that

recognizing the landscape changed in the development world after the recession in 2008, they embarked in the hospitality space. He stated that well over 20% of their business is coming from the people making the trip down from Canada. He stated that they did some traveling and diligence around first class shopping, dining and entertainment destinations to take a look at analogous projects that exist across the country. He stated that there are two that are highlighted one being Mall of America which is the 500 Radisson Blue brand that opened just a year ago this month on the property and fully integrated. He stated that they have the one from Dallas Texas which is a Westin project.

David Aitkin stated that the demand generator is Destiny USA and he thinks it is an outcome of their collective efforts to focus on tourism and to work with every level of government to drive additional business to New York State, more specifically Onondaga County. He stated that it has included a pretty close collaboration with the Syracuse Convention and Visitors Bureau.

David Aitken stated that a quality hotel fully connected to Destiny for the convenience factor will help visitation to the community and bring with it additional occupancy tax and sales tax to the County, City and the State. He stated that over the past year they have had over 40 new businesses that have opened within the property. He stated that some receiving more attention than others like Cheesecake Factory, PF Changs, 5 Wits and several others. He stated that, based on zip codes they have determined that they have visitation from all 50 states and dozens of different countries. He stated that earlier in the week their website had received visits from 204 different countries.

David Aitken stated that they are focused on group tours. He stated that there are a good number of people who enjoy shopping, will travel far for shopping, and will do so in a group. He stated many come down from Canada. He stated that last year they saw 108% growth in that market place for Destiny.

Jessica Crawford asked how the zip codes are determined. David Aitken stated that the tenants get information from a number of different sources. He stated that they also do license plate surveys themselves in the parking lot and they have seen continued growth in that sector.

Mary Beth Primo asked if many of these could be students in the community. David Aitken stated that they could be but they break down their visitation there are 130 million people within a day's

drive and if they were to put into buckets the group that they go after, it would be Canadian bucket and the international bucket. He stated that the college bucket has 215,000 college students enrolled in Upstate New York and their parents and family members will appear.

David Aitken stated that their advertising is very heavy in Canada, across the thruway and down South to Pennsylvania. He stated that it includes billboards, online, TV, radio and electronic.

Jessica Crawford asked if this was done last year as well or is it new. David Aitken stated that it was done last year and they have always had an advertising program. He stated that it ramped up with the rebranding in 2012.

Jessica Crawford asked if any of the marketing is new or is it a continuation of what Destiny is doing now. David Aitken stated that there are some new strategies this year but it is a continuation of what was started. He stated that one of the things they are doing is going to 40 different trade shows where leisure visitors are, where group tours are, making determinations where to go over the next 12-24 months. He stated last year was about 30. He stated that a number of them are focused on the international market who are looking to come to the States. He stated that among the emerging markets, separate and apart from Canada, China and Brazil are growth markets of people who are looking to come to the States.

Lisa Dell stated that there are 40 new stores that came in and asked if there are any currently in the mall that may be leaving. David Aitken stated that one of the facts he has learned in retail was that the average number of years in which a brand exists is about 7 years. He stated that there is some turnover in the market but they have seen consistently very high occupancy even with the turnover within the existing space and they have seen nothing but continued growth in the expansion.

Jessica Crawford asked about projections for increased business due to increased marketing efforts. David Aitken stated that there was an independent review that Destiny hired called Oxford Economics that said as a result of this mix, the understanding of the demographics, Destiny could expect to achieve at full stabilization, 29,000,000 visits. He stated that ultimately based upon where they are tracking they will exceed that and will see double digit growth this year in terms of visitation, double digit growth in terms of sales and believe that next year they will achieve the threshold of the 29,000,000 visits based upon the additional tenants.

Victor Ianno asked if the building is pretty much built out now. David Aitken stated that the building footprint obviously everything within it, there are some spaces that they have signed leases on that work will begin soon.

Victor Ianno asked if there is anything on the drawing board that would increase the footprint. David Aitken stated that not the footprint as it exists today other than the hotel footprint. He stated that it will allow for much more seamless customer experience so they don't have to cross Solar Street.

David Aitken stated that Page 10 of the handout puts the project in the context of the overall tourism industry in New York State which is the 5<sup>th</sup> largest employment sector in New York State. He stated that growth last year was about 4.2% coming in from outside the state which resulted in 8.8 million more people. He stated that there are a number of initiatives that the State is doing to promote downstate people to come Upstate. He stated that it becomes very clear to Destiny that being part of that industry and working with the State is key as well.

David Aitkin stated that specific to the hotel 100% of the cost associated with the hotel is going to be borne by Destiny. He stated that like the other destination hotels they visited, the hotel will be physically connected to the shopping, dining and entertainment. He stated that the hotel itself much like the new space will be LEED certified and they are finalizing the level. He stated that there will be a story base for entry, lobby, conference meeting space, restaurant, small bar and 15 floors of rooms with 17 rooms per floor for a total of 255 rooms. He stated that the cost that are in the application do include the cost of the pedestrian bridge. He stated that given the depth to bedrock there will be more than 6 miles of piles below the ground to support the hotel above ground. He stated that during the first full year of operation, the hotel will generate \$1,300,000 which is a projection based upon sales tax being split between the City, the County and the State and also the room occupancy tax which is 5% in Onondaga County. He stated that is projected to be just over \$400,000. He stated that from an employment prospective they will add to the 5,400 that work at the project today, working with the third party operator who will manage the hotel will be estimated to be 83 additional permanent jobs and about 300 people to construct the building during the course of the development. He stated that since the Mall of America opened 20 years ago there has been

an 88% growth in hotel rooms in Minneapolis and they attribute a good portion of that to the influx of people coming to the Mall of America.

Mary Beth Primo asked when calculating NYS sales tax, County sales tax and room occupancy tax, on what level of occupancy is it based on. David Aitken stated that they compared that against what would be considered market and it is 65%.

Mary Beth Primo Asked about the financing structure. David Aitken stated that there will be 2 components. He stated that in the hotel space has been more closely scrutinized by the lending market since 2008. He stated that some of the deals that are getting done are getting done with owner's equity anywhere from 1/3 to 1/2 of the project. He stated that between 1/3 and 1/2 of the total project cost will come from owner's equity coming out of the owner's pocket on day one to facilitate the project and then a mortgage from a lender for the balance.

Jessica Crawford asked what the average wage will be for full time employees. David Aitken stated that those working in the hospitality space and front line personnel have an average wage of between \$11.00 and \$12.00. He stated that the management personnel average salary is \$52,000.

Mary Beth Primo asked if benefits will be provided for those that are not managers. David Aitken stated that in working with the operator, Destiny will follow their national policy. He stated that based upon tenure with their particular company there is medical, dental and vision options available. He stated that they have short and long term disability.

Lisa Dell asked if this is based on just full time positions. David Aitkin stated that it is but he can confirm what their specific policy is in terms of part time versus full time. He stated that he will follow up on it.

Jessica Crawford asked how many jobs of the 83 is management and how many are the front line jobs. Mary Beth Primo stated that there are 13-14 management positions.

Victor Ianno asked if a brand has been picked yet. David Aitken stated that they did pick a brand. He stated that per their agreement, and it is uniform for the 7 brands, until there is a signed agreement they do not provide the ability to share that.

Victor Ianno stated that Destiny currently has 25,000,000 visits and there is no hotel there. He stated that if they come and stay overnight from wherever they are staying in hotels nearby. He stated that to justify this hotel how many more visits is Destiny going to have so that we are not cannibalizing. David Aitken stated that the overall growth in hospitality this past year in Onondaga County was greater than the national average. He stated that part of the reason relates to Destiny. He stated that the 2<sup>nd</sup> component is being able to convert day trips to overnight visits and they think there is a significant convenience factor that is associated with the project being on property. He stated that the number of questions at the shows they are getting is real so if they were to convert a fraction of the people who are coming from Rochester or Ottawa, they would fill their hotel without cannibalizing any of the other hotels in the market place who very clearly Destiny has been selling those rooms today. He stated that it is much better for the project and for sales tax generation for people to come from longer distances.

Victor Ianno stated that he talked about the 2<sup>nd</sup> floor being convention and meeting room area. David Aitken stated that it is conference and meeting room.

Victor Ianno asked how big that is going to be and will that effect what is going on downtown. David Aitken stated that Destiny is very clear to indicate in the planning that they do not want to develop anything that would compete with the convention center. He stated that in the conference and meeting space world, there are a number of conferences that are bypassing Syracuse currently because there isn't sufficient conference and meeting space. He stated that leisure is their prime focus, the conference and meeting space collectively between larger conference room and smaller break outs there is a formula that the brands follow which totals about 10,000 square feet on the 2<sup>nd</sup> floor. He stated that drawing the niche not to compete with other hotels but, at the same time being, of a scale that they can get some of those other projects that are presently shopping this market.

Lisa Dell asked if there is a projected room rate. David Aitken stated that they do and he thinks that is something that the Agency will look at. He stated that he would like to follow up directly with that when the Agency is getting into the diligence.

Donna DeSiato asked what this project means to the construction trades in the area. David Aitken stated that the nice thing about this is we all live here, the project is here and the more people they hire from Syracuse and Central New York the better. He stated that he thinks everyone knows that

the company has a history of being open shop but as they meet with members of the unions who have received significant amount of work that takes place at the facility there are 3 things much like any business would focus on cost, schedule and quality of work. He stated that they intend to source as much of the work as humanly possible locally. He stated that unions will have a seat at the table to bid on all of the work as well.

Mary Beth Primo asked if Destiny is aware of the Agency's local labor policy. David Aitken stated that he is aware of it.

Mary Beth Primo asked if the bus tours that Destiny is talking about are day trips. David Aitken stated that some trips are indeed day trips but with New York City and Toronto are two of the top North American points of entry from people coming from overseas, there are a number of bus trips making their way through Niagara Falls to New York City or vice versa. He stated that Destiny provides a great location for them to be able to stop, have dinner, enjoy a show and spend the night. He stated that working with the tour operators coming from longer distances who would be coming for a long day trip and pushing them to convert to an overnight trip. He stated that it is about getting to two people in that industry, the tour operator to let them know the amenity is available and push for the overnight visit. He stated that secondly as they found over the past 24 months or so for those trips where people are going from point A to point B and getting to the bus drivers who have that control.

Donna DeSiato asked if there is any aspect of high speed rail that factors into Destiny's formula or strategy going forward and the plans for sustainability. David Aitken stated that they are avid supporters of high speed rail. He stated that given their location they would like to say they can welcome people by car, boat, air and with a maybe hit the regional transportation center for rail. He stated that they do get a number of visits by bus as well. He stated that it is not factored into the feasibility of this project but they are in support of it. Jessica Crawford inquired about strategies to encourage day trippers to stay overnight. David Aitken stated that in addition to the size of the facility and the complete offering of the tenants, it is also the food and entertainment. He stated that they have seen a number of people who said that they can't get through the facility in the entire day but they are not staying overnight because of the convenience factor isn't there.

David Aitken stated that the duty requirements changed in June 2013 and in doing so they increased the amount from \$50 to \$200 if you stay the minimum of 24 hours in the United States. He stated that if you stayed two nights in US it went from \$200 per person to \$800 per person. He stated that very clearly that is a market they will capitalize further on by promoting both Destiny and the onsite hotel.

Jessica Crawford asked if Destiny's strategy is to transition from day stays to overnight stays leveraging the geographic location. David Aitken agreed.

Mary Beth Primo stated that presently Destiny has been working with the Convention and Visitor's Bureau and on its own to attract visitors to the mall. She asked if in doing that, has Destiny helped market the hotels in the area, and if so, then if this hotel is built, she asked whether Destiny would still market other hotels and how would it be done. David Aitken stated that if you were to go to the Destiny website there are 30 plus hotels who purchase shop and stay packages where, through the hotel, you get as part of the package, the hotel buys a gift card and some nominal rate Destiny tchotchkes and they go out and market the shop and stay packages. He stated that there is a high density here in Onondaga County to surrounding counties and he thinks the furthest hotel is Rochester. He stated that it is happening today and they anticipate the same protocol will continue in the future. He stated that for this project to be successful, the tourism industry in Onondaga County needs to continue to grow. He stated that it comes from outward bound marketing that Destiny is doing.

Donna DeSiato asked David Aitken to speak about the seasonal aspect of tourism in New York in particular Central New York. David Aitken stated that they drive that in their marketing right now. He stated that they use ski and shop or enjoy the fall foliage and come to Destiny at the same point in time. He stated that marketing is being done at a much more aggressive level by the state.

Bill Weir stated that there were projections to what the hotel would create in sales tax revenue and occupancy room tax revenues. He asked if they are able to convert the day trippers to overnight trippers, are their projections on what that would do to increase sales at the malls and therefore increase sales tax for the County. David Aitken stated that he has some of the estimates that he can share. He stated that when you look at the hotel space you can do the math quickly, average 2 people per room, 255 rooms for 365 days and call it 65% occupancy or in that ball park, the actual

number staying on property is a little over 100,000 people. He stated that it will drive greater spending and he will make that information available as the feasibility study work is done.

Victor Ianno stated that there is a proposed inner harbor hotel right down the street. He asked what effect that will have if any. David Aitken stated that it will not have an effect based upon all of the work that Destiny has done. He stated that one of the things they did was closely analyzed based on publicly available information about hotels being built and being proposed to be built. He stated that all the research that they have done shows that hotels do best when they cluster. He stated that right now in Onondaga County we essentially called 2.5 clusters. He stated that one cluster is out at Carrier Circle and the other is 7<sup>th</sup> North Street and then there is an emerging University, downtown, Lakefront cluster. He stated that he does think there is opportunity for growth, people like choice and think both projects have the ability to be successful. He stated that as they have gone through it they know that step one is hiring independent counsel and they know that another item is taking a look at SEQRA. He stated that fortunately this project site has already been examined in great detail with a very detailed SEQRA review as part of a much larger project. He stated that it was previously approved as not have an adverse or negative impact on the community. He stated that as the Agency goes through the SEQRA analysis and the feasibility review Destiny will respond to any questions the Agency has along the way.

Lisa Dell stated that in the application Destiny answered "absent the Agency's participation the project is not commercially viable". She asked for an explanation as to why and has Destiny thought about building something less ambitious. David Aitkin stated that what it boils down to is the projects have two components, getting the project built which in order to get it built there are varying levels of grants that have been requested by other hotels of sizes from 130 to 261 rooms. He stated that the second component is being able to operate the facility and each of those projects have asked for PILOT relief, not to pay property taxes but to have those property taxes deferred so that the project can stabilize, be commercially feasible and meet various lending requirements along the way. He stated that absent the PILOT agreement, they don't have the ability to make the project commercially feasible.

Victor Ianno asked if there is no PILOT agreement the hotel would not be built. David Aitken stated that is correct.

David Aitken stated that as you look at the other projects that have been built whether it is the Armory Square Marriott that relied on an authorized 18 year PILOT or whether it is the one in Auburn where for 92 rooms they went ahead with a 25 year PILOT with full abatement for 15 years and ramping up over the previous years. He stated that this for the Company has always been focused not on making a lot of money but on investing in our hometown.

Victor Ianno asked if there are any other credits being applied for. David Aitken stated that there is one other piece that they are tracking and it has never been one that has certainty to it in terms of being able to finance with it and it also relates to NYS Brownfield program. He stated that there are materials that Destiny shared in response to that question for the Board as they are going through the diligence.

Mary Beth Primo stated that when David Aitken says that the project cannot go forward without a PILOT, does that mean the developer could build a different hotel on a smaller scale. David Aitken stated that he doesn't think so. He stated that they have unique costs here that as you build a little bit more of a critical mass becomes important. He stated that they averaged out the costs from the soil conditions, the bedrock depth and the need for the pedestrian bridge. He stated that they have worked to pencil out everything from a project that started in the 1's with total room count all the way up to a larger number and they think they struck the number with the brand, with the size that is before the board.

Bill Weir stated that the footprint that the hotel would be going on is clean and asked if the cleanup is in surrounding lines. David Aitken stated that this is part of the Brownfield Clean Up Program being site #7 and there is both mitigation measures that would take place under the hotel as well as the balance of the site.

Jessica Crawford stated that what is contingent on the opening date of the holiday season in 2015. David Aitken stated that they are lining everything to be in the position to start this Spring and anticipate based upon some other projects that they have modeled 16-18 month construction period. He stated that they would be in the position working with their lenders, the brand, the operators and recognize everyone here needs to do the diligence but their objective would be to start as quickly as possible.

David Aitken stated that he will make the comments and presentation available electronically. He stated that he looks forward to answering any questions as we go forward.

Donna DeSiato stated that the feasibility study from an independent source would provide the Board with additional information based on all the different factors that have to be considered in a project of this nature.

Upon a motion by Victor Ianno, seconded by Lisa Dell, the OCIDA Board approved a resolution authorizing an officer of the Agency to enter into a contract for a procurement of a feasibility study for the Destiny USA Project. Daniel Queri, Michael Allen and Janice Herzog abstained from voting. Motion was carried.

Lisa Dell asked what factors would be in the feasibility study. Bill Weir stated that under the IDA law we need to make sure it fits the definition of a tourism destination which is a significant number of people visiting this area coming from outside the region. He stated that they also want to look at the impact that this project will have on other existing hotel projects in the County as well as other proposals. He stated that to make sure this is not cannibalizing the existing hotels in the County. He stated that also verification of economic impact it will have not only on the taxes raised but the jobs.

Mary Beth Primo asked if the study would also assess the project's need for the assistance. Bill Weir agreed.

Victor Ianno asked if it will determine whether the project needs assistance. Bill Weir agreed.

Victor Ianno asked if the feasibility study will include the meeting space component. Bill Weir stated that it will be the entire project.

Victor Ianno asked if we have an independent firm. Bill Weir stated that we will interview 2 or 3 to make sure we have what we want.

Upon a motion by Jessica Crawford, seconded by Lisa Dell, the OCIDA Board approved a resolution authorizing an officer of the Agency to enter into a contract for an environmental consultant for SEQR review. Daniel Queri, Michael Allen and Janice Herzog abstained from voting. Motion was carried.

Donna DeSiato asked Mary Beth Primo and Bill Weir to describe what the Agency Agreement would do with regard to the Agency. Bill Weir stated that it is for the protection of the Agency if the Agency incurs costs for retaining a consultant and so forth that Destiny will agree to pay those costs. He stated that when we get a better handle on the costs we would ask that an escrow amount that they will deposit with the Agency to cover those costs. He stated that also Destiny will indemnify and hold the Agency harmless in connection with the review of the project. He stated that at the time if and when the project closes, the standard IDA lease transaction documents will then supersede the Agency Agreement but the Agency Agreement will be in place between now and a potential closing.

Mary Beth Primo stated that generally a project will pay the Agency fees once it is accepted as a project, but because the studies are being done and the Agency may or may not accept this as a project OCIDA wants to make sure its costs are covered. She stated that its costs may be more extraordinary than on other projects so the Agency is asking the project to pay all Agency costs associated with the project from the submittal of the developer's application.

Donna DeSiato asked what the amount of money would be in escrow. Mary Beth Primo stated that the amount of money being requested to fund is the escrow \$100,000 for Agency's fees, including its legal, the consultants and the feasibility study expenses.

Upon a motion by Victor Ianno, seconded by Lisa Dell, the OCIDA Board approved a resolution authorizing the execution of the Agency Agreement outlining the responsibilities of the Developer and the Agency for the project and would include a \$100,000 to be deposited in escrow for any costs the Agency incurs from the date of the application including feasibility study, legal costs and any related costs to the study of the project being considered for an application to the Agency. Daniel Queri, Michael Allen and Janice Herzog abstained from voting. Motion was carried.

## AGENCY AUDIT

Janice Herzog stated that David Moynihan will give a brief summary of the Agency Audit.

David Moynihan stated that they have gone over the draft audit with management and with the audit committee who has passed a resolution recommending acceptance of the audit. He stated that the audit opinion is clean and unmodified. He stated that they do feel the financial statements presented represent the financial position and results of operations for the Agency for the years ending December 31, 2013 and 2012. He stated that as an overarching part of their audit because they work with management but they work for the Agency, is that from a communications standpoint the audit went very well. He stated that they received very good cooperation from staff. He stated that this is the third year that he has been a partner in charge of this audit and this has been the best this audit has gone in the three years. He stated that they encountered no true difficulties during the course of the audit. He stated that audit is complete except for some very minor disclosures and we are waiting for 3<sup>rd</sup> parties to provide information to the Agency. He stated that there were no adjustments made to the books and records for the year ending. He stated that during the course of the year he thinks as a Board they can kind of count on the information being presented. He stated that from a financial performance standpoint the Agency had the most positive year in the years he has been involved in it. He stated that the total revenues were \$563,000 and the expenses were \$342,000 which gave an operating income of \$220,000. He stated that it represents a significant increase over the prior years. He stated that the Agency is in a very solid financial position as of December 31. He stated that its current assets, things that are cash or things that are expected to become cash within the next 12 months, total a little over \$1.4 million. He stated that the current liabilities, things are required to be paid within the next twelve months, are \$373,000. He stated that the Agency is running a roughly 4 to 1 ratio which is a very solid ratio. He stated that the net position, what the Agency is worth, is just short of \$3,500,000 of which \$2,300,000 is invested in land. He stated that the majority of the balance of the assets are unrestricted. He stated that the biggest change on how the numbers were presented between this year and last year is that there are notes receivable that are anticipated to be all collected this year. He stated that a year ago there was an assumption that a significant Hancock Field Loan would not be paid. He stated that now that it is scheduled to be paid to the Agency in 2014, the Agency will pay off what they owe. He stated that there are a list of who owes money and the terms. He stated that the largest new note is from Aquarii which was \$100,000 and the other largest is from Hancock which is scheduled to be paid

this year. He stated that from a governmental auditing standpoint, because that is how the Agency's audit is conducted, they did not find any instance where the Agency did not comply with the laws and regulations. He stated that it is usually where a smaller organization would stumble and have lack of segregation of duties so for a small organization the Agency has very good segregation of duties and they did not find anything that rose to level to be considered a significant deficiency or material weakness on the internal controls over the financing reporting. He stated that is it very rare especially in s smaller staffed governmental organization.

Janice Herzog stated that at the Audit Committee meeting, the committee voted to recommend the audit to the Board.

Donna DeSiato stated that she would like to compliment the staff because they are a small staff and they are really making excellent decisions with regard to the cross trainings and the responsibilities.

Upon a motion by Victor Ianno, seconded by Lisa Dell, the OCIDA Board approved a resolution adopting the 2013 Audit of the Agency contingent on the additional information. Motion was carried.

#### ANNUAL REPORT OF THE BOARD

Mary Beth Primo stated that the Annual Report is in the same format that the Board has seen in the past few years. She stated that the table of contents nicely sets out what is contained in the Annual Report. She stated that just about everything in the report is something that the Board has at one time considered and approved from projects, to financials, contracts and program initiatives. She stated that there was a material change to the programs this year and the Board revised, revamped and enhanced the UTEP policy and that is noted in the report.

Upon a motion by Michael Allen, seconded by Daniel Queri, the OCIDA Board approved a resolution adopting the 2013 Annual Report of the Agency. Motion was carried.

#### UPDATES

Mary Beth Primo stated the AICM project and its companion project, ONYX will not be moving forward. She stated that after speaking with a representative, staff learned that the developers have revised the project and moved its proposed location to Alabama. She stated that the business will not be as comprehensive as it was described in its OCIDA application. She stated that their capital investment will be considerably less as the project will not contract out its manufacturing component.

Mary Beth Primo stated that the Agency disposed of the Park Street Bridge steel last fall. Roth Steel, who purchased the steel, recently closed and OCIDA had not yet been paid for the steel. If the Board would like to pursue payment, it needs to authorize Counsel.

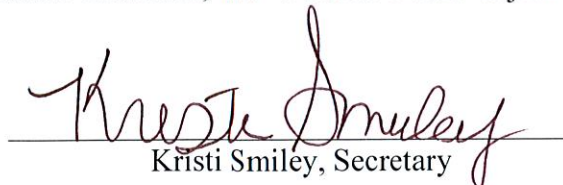
Mary Beth Primo stated that either the Board needs to waive the conflict that Gilberti Law Firm has or hire Harris Beach but we want to have an attorney represent us, draft up a summons and complaint and serve it.

Donna DeSiato stated that if Gilberti Law Firm receives a waiver from Roth then the law firm will proceed but in the event they don't receive a waiver from Roth then Mary Beth Primo will proceed with securing another law firm to proceed on the Agency's behalf.

Mary Beth Primo stated that Tony Rivizzigno may reach Roth's attorney and the attorney can get it so there is a chance. She stated that still the Board needs to tell staff on how to proceed.

Upon a motion by Michael Allen, seconded by Lisa Dell, the OCIDA Board approved a resolution authorizing Gilberti Law Firm to proceed in seeking a waiver from Roth Steel in order to pursue reimbursement and in the event Roth Steel is not responsive and/or won't allow the waiver then the Board is going to authorize having Harris Beach proceed and the Board waives any type of conflict. Donna DeSiato and Victor Ianno abstained from voting. Motion was carried.

Upon a motion by Lisa Dell, seconded by Jessica Crawford, the OCIDA Board adjourned the meeting at 9:49 am. Motion was carried.

  
Kristi Smiley, Secretary

