

ONONDAGA CIVIC DEVELOPMENT CORPORATION
Regular Meeting Minutes
December 11, 2014

The Regular meeting of the Onondaga Civic Development Corporation was held on Thursday, December 11, 2014 at 333 West Washington Street, Syracuse, New York, 13202, in the large conference room on the 1st floor.

Matt McAnaney called the meeting to order at 8:33 am with the following:

PRESENT:

Matt McAnaney
Thomas Bezigian
Len Manfrates
Scott Koldin
Cydney Johnson
James Farrell

ALSO PRESENT:

Julie Cerio, President/CEO
Honora Spillane, Secretary
Kristi Smiley, Treasurer
Karen Doster, Recording Secretary
Linda McShane, Office of Economic Development
Marilyn Higgins, Near West Side Initiative
Garth Coviello, Strathmore Huntley Group, LLC
James Mahaney, Onondaga County Legislature

APPROVAL OF REGULAR MEETING MINUTES – NOVEMBER 13, 2014

Upon a motion by Thomas Bezigian, seconded by Scott Koldin, the OCDC Board approved the regular meeting minutes of November 13, 2014. Motion was carried unanimously.

TREASURER'S REPORT

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

Upon a motion by James Farrell, seconded by Cydney Johnson, the OCDC Board approved the Treasurer's Report for the month of November 2014. Motion was carried unanimously.

PAYMENT OF BILLS

Kristi Smiley gave a brief review of the Payment of Bills Schedule #045.

James Farrell asked what the website address is. Kristi Smiley stated SyracuseCentral.com

Upon a motion by Scott Koldin, seconded by Thomas Bezigian, the OCDC Board approved the Payment of Bills, Schedule #045 with General Expenses being \$10,944.44 and marketing expenses being \$6,207.00. Motion was carried unanimously.

CONFLICT OF INTEREST

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

NEAR WEST SIDE INITIATIVE, INC.

Marilyn Higgins thanked the Board for having her before the Board. Marilyn Higgins gave an overview of the Near Westside Initiative's projects and invest in the neighborhood. She stated that this theater project in the Case Building is a result of Senator DeFrancisco coming to them and has been a big supporter of the Near West Side Initiative from the beginning. She stated that he is asking them to see if they could put a very basic black box theater in the Case building. He stated that he is very supportive of this as an arts district. She stated that with the position he is in he hears from the small arts organizations all the time that they don't have a place to practice and they don't have a place to perform that allows them to grow their venues. She stated that they spent a long time looking into it and met with 25 arts organizations in person and on the phone to assess their needs. She stated that they developed a business model that will construct this black box theater with the \$1,500,000 funds that Senator DeFrancisco has directed to them this year. She stated that then they had to take on the challenge of how they would operate it so that it would at least break even or turn a small profit. She stated that the Near West Side decided that they would donate their space to it instead of developing it for another purpose and they would take their parking lot that they own and see what they could generate in terms of revenue from parking if they were to do this. She stated that if they could do it then they would dedicate those parking revenues to the ongoing operation of the theater. She stated that they

asked Steve Butler of the Cultural Resources Trust to help with running the theater and he said yes. She stated that he is going to help them set up a cooperative which is what they believe will make it work. She stated that if all the small arts organizations have some skin in the game and some vested interest in making this successful, they think it has a good chance to succeed and help them and help the economy of the area. She stated that they have several arts venues now but no performing arts venues. She stated that they have an advisory committee. She stated that this is not a fancy auditorium but a black box theater with portable bleacher like seating that can be arranged in different configurations. She stated that in order to make this go there are startup costs involved including getting the ticketing system up and going, getting the reservation system working, marketing it so people know that it is there and hiring staff to get everything cooking. She stated that they went back to the Senator saying that they can build this but they don't think they can operate it unless they have more operating help which is what brings Near West Side to OCDC. She stated that the request is for \$150,000 grant to allow them to get this up and running. She stated that it is for operating costs that would move them forward and they are determined to break even by year 3 but they can't do it without OCDC's help.

Julie Cerio stated that they Near West Side has had discussions with the County Executive who is in support of this and feels like it is something the west side needs which is also the reason that they came to OCDC. Marilyn Higgins agreed and stated that the County has been supportive of what they have done on the Near West Side with the Save the Rain program and other things. She stated that she thinks that the County Executive also sees this as a component of the County's assistance to the overall initiative.

Julie Cerio stated that right now this is a blank space. Marilyn Higgins stated yes.

Cydney Johnson asked if this falls into the OCDC guidelines. Chris Andreucci stated that he would like to hear more. He stated that everyone read Section 4 of the application and he would like some expansion on that to make sure it is promoting economic development in the area. He stated that he would like to know how many jobs and how much will it increase the economic vibrancy of the area thereby getting people to frequent the businesses located next to this area.

Marilyn Higgins stated that she looked at trying to project some of the consumer spending based on visits to arts venues and she didn't feel confident enough to tell the Board anything firm. She

stated that she does know that they are projecting this will be used 80% of the year by the third year and completely booked which will bring activity into the neighborhood. She stated that it will also be an overall component of the Near West Side which has created 308 new jobs since its inception. She stated that all of these things play into one another and she thinks that this facility will not only make some of the small arts groups stronger and able to grow and able to hire more people, they will make these groups more able to attract new people to come in to see the performances in this county. She stated that she thinks it will assist in the continued energizing of the neighborhood economy which is desperately in need. She stated that she thinks it will be a good driver for small business growth in the neighborhood.

Julie Cerio stated that one of the things Marilyn Higgins talked about at the initial meeting was the multiple organizations that really have no place to rehearse. She stated that the venues that are currently available are cost prohibitive because the smaller groups can't afford the hour practice fee.

Julie Cerio asked how many organizations will be using it. Marilyn Higgins stated that there are over 20.

Julie Cerio stated that if each of those has 20 or so individuals then that is bringing that many people down to the area. Marilyn Higgins stated that for both rehearsals and performances.

Julie Cerio stated that hopefully to generate parking, eating and shopping.

James Farrell stated that he is glad that the Near West Side is here and this is something that should happen and needs to happen. He asked how they validate the economic impact of this in the community. He stated that he can't look and say here is the direct economic impact. He stated that it is not that he can't make a good case for this fitting within the mission guidelines but if we do approve this and move forward with it, OCDC is expanding the envelope with this action.

Cydney Johnson stated that she certainly supports this and it is a great idea but she thinks the Board needs to understand job creation because that is their mission. She stated that she appreciates that it is start up but at the same time maybe there are other things that could be done and come back to OCDC to show more we could invest that would truly align to our mission.

Matt McAnaney stated that the Red House is a performance theater around the corner and to some degree funded a little through community efforts. He asked why that venue doesn't serve this purpose. He stated that the initiative is kind of incubated out of SU and he doesn't see any university support to this initiative.

Marilyn Higgins stated that she would like to start with the job creation issue. She stated that she is a professional economic developer and was vice president for economic development at Niagara Mohawk. She stated that what she has learned is that when you are working in a neighborhood like this, the normal rules don't apply. She stated that to do things in a neighborhood like this you can't follow what she learned for 20 years in economic development. She stated that it is much more integrated, much more organic and she is not saying that to obfuscate the issue but being very honest. She stated that they started with an investment from Syracuse University with about \$13,000,000 and they used that money to purchase property, go to bank, and get loans and to develop projects. She stated that it is not a 1 for 1 and doing a project like this in an arts district is exactly what will create economy activity, capacity and vitality. She stated that she knows that putting the theater in the center will help them to keep their other leases going, keep people invested in the neighborhood, good for WCNY and that is the real economic argument behind the project. She stated that in terms of operating funds she understands what the Board is saying but this is really startup funds for a 3 year period. She stated that if they didn't think they could operate it without help after 3 years she wouldn't come and ask OCDC for the funding. She stated that they helped the Red House to do their project and they are very supportive of them but when talking to the arts organizations; they weren't comfortable that they would have access to the facilities at a rate they could afford. She stated that in terms of SU's support for this project, SU put up the money to buy the building that this project will be in, SU put up the money to buy the lot where the parking will be which will generate the revenue that will help to keep it operation. She stated that she has already put in \$15,000 in drawings and architectural fees that has come out of their budget.

Julie Cerio stated that part of OCDC's mission is to stimulate economic growth and this certainly would. She stated that anyone who has been down to this area can see that we are in the midst of helping to stimulate. She stated also the mission states lessen the burden of government which means taking it off the plate of the regular budget cycle. She stated that it says promote job creation. She stated that we don't know how many jobs will be created but certainly some jobs

are going to be created here. She stated that the mission says generate prosperity and improve the quality of life of the residents and encourage economic vibrancy. She stated that she doesn't think it falls outside what OCDC does and she doesn't see it far outside of what OCDC has done in the past.

Chris Andreucci stated that he agrees with Julie Cerio and that it falls squarely within the mission of OCDC. He stated that the lessening the burden of government is more than a direct 1 for 1 to the County budget. He stated that if all activities generate economic vibrancy where thereby reduces the need for the County to provide certain services to its residents because they are gaining employees, they have access to services they need, nonprofit community is vibrant and along those lines. He stated that he thinks this as pretty strong ties to the mission.

Scott Koldin stated that he wants to support this project. He stated that he looked at the application and it says there is seating up to 150 people. He asked if this is going to pack the house or 20 people show up. Marilyn Higgins stated that some of the groups that will be using it will bring in 40-50 people but some of them will bring in 150 and they are telling them now they need to go 175. She stated that the main reason she wants to do this is to generate bodies, vibrancy and activity in and out of the building.

Scott Koldin stated that when he looked at this economic development could come in a million different ways. He stated that he did not look at this as how many jobs created although it is an important factor. Marilyn Higgins stated that its proximity to Armory Square does that and it will be so easy to park. She stated that she thinks that people are very likely to come to the performances here.

James Farrell asked if the \$1,500,000 member item is designated solely for capital and cannot be modified. Marilyn Higgins stated that it comes out of bonded capital so it has to be.

James Farrell stated that he wants to support this and he understands. He stated that he thinks it is stretching the envelope for OCDC that it requires additional thought, examination of the presentation and what the metrics are to define successful. He stated that it is one of the things this Board finds important.

Julie Cerio asked James Farrell what specifically he would like done. James Farrell stated that he would like to see some clear definition of what success is for this so that a couple years down the road so when future boards examine this, did it meet its goals or objectives or not. Marilyn Higgins asked if measure of success based on number of bookings, number of attending of performances and at some point, probably at the 3 year mark, survey the people that came and see if they spent more money, if they had dinner and that kind of thing. She stated that is the most realistic way and would be happy to do that.

Cydney Johnson stated that for this board, she is not necessarily sure she needs to know about people that are going to come because she thinks there are small groups, neighborhood groups, cultural groups that are going to go. She stated that she would like to hear a little bit more about the metrics of what is going to happen in year 1 in terms of activity and people working and activity in terms of people coming and going. Marilyn Higgins asked if Cydney Johnson wants to know how many employees of the theater. Cydney Johnson stated employees or employees that are working within the community on that site. She stated that one thing OCDC asks is if they going to hire local people to do the work. She stated that is economic development so she thinks for her she would like to see a sense of what really is that impact in terms of activity. She asked what happens in year 3 and are they going to break even or are you still going to be looking for grants. She stated that she is ok with them looking for more grants because she is not expecting miraculous profit numbers. She stated that getting a sense of their benchmark on year 3 and the benchmark after the money is over with. Marilyn Higgins stated that the benchmark in year 3 is to hit those revenue numbers so they are breaking even with a little profit in year 3.

Honora Spillane stated that in a service contract we can build in some of those very specific benchmarks that Cydney Johnson and James Farrell are talking about, which is what we generally do with the service contracts. She stated that people come back and report on them.

Thomas Bezigian asked if these funds make or break the start up. Marilyn Higgins stated yes.

Thomas Bezigian asked when they anticipate start. Marilyn Higgins stated that they will start construction this summer. She stated that it will be about 8 months to complete construction and while construction is going they will be working with CNYArtsto develop the reservation system, building a cooperative of the small groups and helping them to hack out how they reserve the space. She stated that she wants a lot of this to be self-determined by the groups and

that is a long process. She stated that while construction is going on they will be building that structure of the cooperative.

Julie Cerio stated that it can be built into the service contract to use local labor as well.

James Farrell stated that they want to be under construction next summer of 2015. Marilyn Higgins stated yes.

James Farrell stated that if a delay on OCDC's end for a month or two to get the information together, does that have substantial or direct impact. Marilyn Higgins stated that it doesn't in terms of the actual construction of the facility but it does on them moving forward to do the other pieces they need to do. She stated that she doesn't want to lead anybody on the Near West Side Board down that road either if this doesn't look like this is something that is going to work here. She stated that she is not going to take things further until she feels like she knows what OCDC wants to do.

Cydney Johnson stated that she would make an amended motion to take 30 days to revise and add some information. She stated that then the Board could review at the January 8 meeting.

Matt McAnaney asked for a motion to put this before the Board at the January 8, 2015 with additional data as outlined by James Farrell and Cydney Johnson.

Julie Cerio stated that a lot of the information is conjecture at this point. James Farrell stated that there is long term and short term economic impact. He stated that the short term is in terms of construction jobs etcetera that are created as a result of this and what is that impact. He asked for the projected payroll. He stated that the number of jobs directly as a result of this if any. He stated that even if it is in narrative form, what do you believe that impact is within that community for both the near west side and beyond that that this will have. He stated that if there is anything that Marilyn Higgins can validate or quantify that would be helpful.

Leonard Manfrates stated that Marilyn Higgins talked about people with skin in the game and he asked if she can get people to commit. Marilyn Higgins stated that she is going to.

Leonard Manfrates stated that if there is that great need in the community for it then they need to get in the game. He stated that they need to sign up and say yes we are on board. He stated that that will go a long way rather than saying we have 20 people interested.

Marilyn Higgins stated that it does seem logical. She stated that the larger ones will say they will rent space but the smaller organizations are much more challenging to get the information out of.

CABVI

Steve Gannon stated that CABVI's mission is to assist people who are blind or visually impaired to achieve their highest level of independence. He stated that their primary way of doing that is they employ a lot of people who are blind or visually impaired. He stated that Agency's board met Tuesday evening and passed a \$45,000,000 budget with two big initiatives. He stated that they leased a building on Commerce Boulevard in Liverpool and to support that the Board approved a \$1,200,000 capital project to expand one of their Utica warehouses. He stated that they employ 221 people. He stated that Syracuse is something they have been looking at for a long time. He stated that there is no employment program in Syracuse. He stated that there is Aurora which is an agency for the blind, in Syracuse that provides vision rehabilitation services, mobility, teaching, technology training but they don't provide jobs. He stated that they have leased the building; they have started interviewing candidates for the positions that are going to be there and by the end of this year there will be 15 people employed with 12 being blind or visually impaired. He stated that they have hired a manager who worked at the Agency for almost 10 years. He stated that one of their contracts is operating a contact center with 35 people and 33 are blind. He stated that they started interviewing candidates, they have a building and they are equipping the building and the operation. James Farrell stated that he assumes staff has looked at the financials of the organization and he perceives that it is a substantial organization which is well funded and has reasonable cash reserves. Steve Gannon stated that their long term debt on \$43,000,000 is about \$97,000.

James Farrell stated that this fits exactly for what OCDC is looking for and the presentation is great too. He stated that if funds are available to complete the project without OCDC funding,

then perhaps the funds can be used elsewhere in the future for something of equal benefit but does not have the financial ability to complete it. Steve Gannon stated that they are so well run and so well managed that they encounter this question all the time. He stated that they are somewhat protected because of the type of business they do. He stated that there are federal and New York State statutes that require governmental organizations to purchase from federal prisons, then organizations that hire blind and organizations that hire people who are disabled. He stated that they have a bit of a competitive advantage and they can't compete with organizations like theirs.

Julie Cerio asked why OCDC. Steve Gannon stated that they would really like OCDC's assistance because its \$35,000 that they do not need to take out of what they have budgeted for what they are planning to put into having to purchase equipment. He stated that they are leasing the building with an option to purchase the building in three years. He stated that the \$50,000 is money that they would not be able to put into additional new product development to bring more jobs. He stated that they are talking about 15 jobs now and it could be as big as the operation in Utica.

Scott Koldin asked if the entire \$50,000 committed by OCDC would be used for Onondaga County to get them up and running. Steve Gannon stated it would be used for only Onondaga County.

Scott Koldin asked if the funding is to get people who are visually impaired who are not in the workforce into the workforce. Steve Gannon stated yes.

Scott Koldin asked the Board why OCDC would not want to partner with this kind of a project. He stated that it fits squarely in the mission. He stated that it is a wonderful cause. He stated that there is other money and they are going forward with or without funding but then it would be \$50,000 that wouldn't be able to be used for another reason. Steve Gannon agreed.

Upon a motion by Thomas Bezigian, seconded by Leonard Manfrates, the OCDC Board approved a resolution approving an Economic Growth Fund service contract to fund up to \$50,000 of the cost of start-up capital and personnel costs for the CABVI project and authorizing

the signing of the service contract all other related documents by an officer of the Corporation. James Farrell opposed. Motion was carried.

STRATHMORE HUNTLEY GROUP, LLC

Matt McAnaney stated that the Board is not being asked to make an action on this.

Garth Coviello stated that he is one of four members of the Strathmore Huntley Group and they own the Huntley building in Strathmore. He stated that the City of Syracuse negotiated with HUD to take ownership of the buildings and disperse them out to local developers. He stated that he and his 3 partners who are all Strathmore residents and the neighborhood association kept close tabs on the building. He stated that they shared their vision for the building and how they thought the building should be developed in a way that was positive for Strathmore and the City with local developers. He stated that the neighbors in Strathmore and him and his three partners decided to put their own proposal in for plan to redevelop the building. He stated that the City liked their plan and they were awarded the building in late 2010. He stated that the New York State Laws changed and opened up the New York State credit to become refundable starting for projects going into service after January 2015. He stated that they weren't eligible for state credits but when the legislation changed it increased income limits. He stated that New York State has an income limitation to be eligible for the State portion of the tax credit. He stated that there is a new option available to them now where they can if they don't sell their credits up front, a year after they put the building in service the next year they file their income taxes they will a big chunk of money back from New York State. He stated that they are also asking SEDCO for assistance as well. He stated that they are asking for \$450,000 through the County and Syracuse Economic Development Council that will be repayable out of the New York State refund which is approximately \$463,000.

Honora Spillane stated that OCDC was approached by SEDCO share the burden on this bridge loan. She stated that SEDCO has a certain revolving loan fund and OCDC being an LDC has the ability to participate on a project like this. She stated that the change in New York State law really enables the bridge loan to sort of have a term and have a set refundable structure. She

stated that OCDC was requested by SEDCO and they were very good to get a lot of information very quickly to at least get the Board up to speed today.

Julie Cerio stated that staff just received this less than a couple weeks ago and Honora has been working very hard to get to this point where we can at least present the Board with the idea before making a decision. She stated that she is not asking the Board to make a decision today because she doesn't feel there is enough information.

Julie Cerio asked Chris Andreucci to explain how this fits into OCDC's mission. Chris Andreucci stated that he believes that this is increasing the economic vibrancy of the county in this specific neighborhood in particular and thereby it provides housing for residents to support the local businesses in the area. He stated that it is no different than a housing project for an IDA which also has a very similar mission.

Garth Coviello stated that they are under deadlines from HUD when they transferred the buildings to the City they weren't releasable entirely so they kept certain restrictions on the building. He stated that one of the restrictions transferred to them in the deed was that initially they had one or two years to have the building in service. He stated that they have really scaled back their costs while maintaining the integrity of the building and its marketability. He stated that he doesn't think they can scale back any further. He stated that their contractor is saying that they need to start right away while costs are where they are now and he is anxious to get started. He stated that they are in a rush to get this started before costs go up.

Matt McAnaney asked when they perceive the project will come before the Board. Honora Spillane stated that in the past day or two all the information that staff needs has been gathered so it is up to the Board what they want to do. She stated that Chris Andreucci has looked at some of it. She stated that the Board could review this some point in the future date but it is up to the Board what they want to do. She stated that the Board has all the information we need and she has met with SEDCO. She stated that she thinks terms can be done now if the Board wanted to or wait and provide more information.

Matt McAnaney stated that he thinks the Board needs more information. He asked who the underwriting and the due diligence was done by. Honora Spillane stated that we are doing that in

partnership with SEDCO. She stated that SEDCO's loan committee reviewed and we are using some of their expertise but also Chris Andreucci and Harris Beach are working on this.

Thomas Bezigian asked if there are any super basics about the terms of the loan like what rate and the exposure of the Board. Chris Andreucci stated that he thinks the rate is 3% and the security is still being negotiated but we would be behind the primary lender. He stated that he thinks we are going to have to devise a way to get the security in the historic tax credits. He stated that he is not sure how they are going to do that other than contractually obligate each of the members of the LLC to file their taxes in a timely manner, share their tax returns with us and remit the historic tax credits, both the portion that reduces the liability and the refundable portion to OCDC and if they don't there would have to be a significant penalty.

Upon a motion by Scott Koldin, seconded by Leonard Manfrates, the OCDC Board adjourned the meeting at 9:55 am. Motion was carried unanimously.



Honora Spillane, Secretary

