

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Regular Meeting Minutes

February 13, 2014

The Regular meeting of the Onondaga Civic Development Corporation was held on Thursday, February 13, 2014 at 333 West Washington Street, Syracuse, New York, 13202, in the Adirondack conference room on the 2nd floor.

Matt McAnaney called the meeting to order at 8:31 am with the following:

PRESENT:

Matt McAnaney
Scott Koldin
Cydney Johnson
Thomas Cerio
Len Manfrates

DELAYED:

Thomas Bezigian

ABSENT:

James Farrell

ALSO PRESENT:

Honora Spillane, Secretary
Kristi Smiley, Treasurer
Linda McShane, Office of Economic Development
Karen Doster, Office of Economic Development
Christopher Andreucci, Harris Beach
Patrick Mocete, Onondaga County Legislature
Meredith Price, St. Joseph's Hospital Health Center
John Zacharek, OCC Foundation
Julie Cerio

APPROVAL OF REGULAR MEETING MINUTES – NOVEMBER 14, 2013

Upon a motion by Scott Koldin, seconded by Cydney Johnson, the OCDC Board approved the regular meeting minutes of November 14, 2013. Motion was carried unanimously.

TREASURER'S REPORT

Kristi Smiley gave a brief review of the Treasurer's Report for the month of November, 2013 to January 2014.

(Thomas Bezigian arrived at meeting.)

Upon a motion by Cydney Johnson, seconded by Thomas Cerio, the OCDC Board approved the Treasurer's Report for the months of November 2013 to January 2014. Motion was carried unanimously.

PAYMENT OF BILLS

Kristi Smiley gave a brief review of the Payment of Bills Schedule #037.

Cydney Johnson stated that we show a payment for the Van Duyn mortgage and asked if OCDC is reimbursed. Kristi Smiley stated the payment usually comes in the first of every month and is distributed to the County the 15th of every month. She stated that it is just a pass through and won't show on the OCDC books as a booked expense but it is shown here so that the Board is aware.

Upon a motion by Thomas Cerio, seconded by Scott Koldin, the OCDC Board approved the Payment of Bills, Schedule #037 with General Expenses being \$212,366.34 and Marketing being \$28,908.66. Motion was carried unanimously.

CONFLICT OF INTEREST

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

ST. JOSEPH'S HOSPITAL HEALTH CENTER

Lowell Seifter stated that St. Joseph's Hospital appreciates the opportunity to be before the Board, their continued support of their efforts to grow their hospital and to be an economic engine in the neighborhood as they transform the neighborhood. He stated that purpose of the borrowing are to fund three things, one being the cogeneration plant. He stated that their engineering people tell them that the infrastructure surrounding the hospital was at its max and wouldn't be able to support further growth of the hospital without making some major changes. He stated that if they are going to make changes the opportunity to put in their own facility to allow energy independence was a good idea. He stated that the project also has its own return on investment which is substantial over the next 15 years or so. He stated that it will help the hospital generate substantial savings that will pay for itself. He stated that second component is the EPIC project. He stated that with change comes opportunity and so the new system that they are putting in is state of the art and will allow tremendous connectivity not only throughout the hospital but with all of the people that connect to the hospital. He stated that the third item is a reimbursement for routine capital items that they are going to incur.

Chris Andreucci stated that an inducement resolution is before the Board today but the project will have to come back before the Board after the documentation is done and authorize a final resolution. He stated that the resolution also authorizes the holding of a public hearing which will be held off until they decide how to amortize the EPIC system.

Thomas Bezigian stated that he saw recently in the paper that the hospitals bond rating was lower and asked if that is something the Board should be concerned about. Meredith Price stated that the reasoning for the downgrade was balance sheet related and taking additional debt was one consideration in the downgrade. She stated that operating performance and the continued strength of the operating performance was noted. She stated that they were able to sustain a stable outlook because of the positive operating performance.

Lowell Seifter stated that a downgrade on a bond is misconstrued by a lot of people because the purpose of the Agency is to rate the risk related to the bonds that were issued in 2012. He stated that it is pretty simple that if you have \$80,000,000 more debt than you had before, then there is higher risk. He stated that it doesn't mean that they are unable to pay, it just means there is more risk than there was before for the bond holders that purchase those bonds in 2012.

Chris Andreucci stated that the documents required the hospital to meet certain debt service rate coverage ratios before they can issue additional bonds or additional debt. He stated that it has to be performed by an independent 3rd party so we are going to have an accountant certificate and a management consultant report that says looking back and looking forward assuming the bonds are issued, the hospital has a good debt service coverage ratio.

Cydney Johnson stated that OCDC has done two projects now and all with good results. She asked if they see this to be the last big project or do they see other opportunities that require significant funding after this. Meredith Price stated that from everything she knows right now she thinks this is the last thing on the horizon right now that is a large investment. She stated that obviously strategically as opportunities present themselves they will continue to weigh the cost benefit and maybe making additional strategic investments in the future.

Matt McAnaney asked that besides the added jobs to construction is there and with the ongoing operation of the new cogen plant are there job creation numbers. Meredith Price stated that the cogen has one or two positions and has been somewhat modest but the EPIC project has resulted in significant positions. She stated that that

she believes that the team working on the implementation and maintenance on the EPIC system is about 70 FTE.

Cydney Johnson stated that St. Joseph's estimated 80 full time jobs. She asked if that is conservative or realistic. Meredith Price stated that she thinks it is realistic. She stated that they could also continue to expand the utilization of EPIC so there may be some future growth there depending on the additional modules or things that they plan to implement and optimize in the future.

Lowell Seifter stated that St. Joseph's has a request. He stated that they have paid a significant amount in fees to the Agency. He stated that they paid \$600,000 in 2010 and \$1.3 million in 2012 totally almost \$2 million. He stated that it is obviously a lot of money that they have paid and would like to request the Board consider a reduction in the fee for this financing perhaps ½% instead of full 1%. He stated that they are a not for profit and they are trying to do good in the community. He stated that they have a significant amount of charity care with millions of dollars provided and not reimbursed. He stated that given the equities, he is asking the Board to consider a reduction in the normal fee.

Matt McAnaney stated that he appreciates and the comments were well received. He stated that the Board will take that under advisement.

Upon a motion by Cydney Johnson, seconded by Thomas Bezigian, the OCDC Board approved a resolution authorizing financing for up to \$85,000,000 in tax exempt bonds and authorizing a public hearing for the St. Joseph's Hospital Health Center project. Motion was carried unanimously.

ONONDAGA COMMUNITY COLLEGE FOUNDATION

John Zacharek thanked the Board for the opportunity. He stated that he wants to thank the Board for the support of the college over the past several years. He stated that OCDC's support has gone a long way in helping their students. He stated that they think ultimately a strong community college means a strong community and he thinks that is the purpose of their time before the Board this morning is to continue that trend. He stated that as shown in the materials provided they were able to help 41 students over the past year and that is exciting to them. He stated that he wants to thank the Corporation from the College, the Foundation, the Board of Directors, Board of Trustees, the faculty and most importantly the new President. He stated that

the President has such a passion that we will see the college continue to drive forward with being student centered and student focused. He stated that OCDC's funding has helped them to do that and to inspire the students to come in the door and make their lives better and ultimately help the Central New York Community get better.

Dave Wall stated that last year in particular OCDC provided OCC with an opportunity that the non credit students have never had before and that was the ability to access funds to allow them to complete their dream. He stated that the \$10,000 of the \$30,000 that OCDC provided will be fully expensed as of tomorrow. He stated that they had to reserve some of the funds so that they had some funding for the spring semester which opens in March and enrollment started two Saturdays ago. He stated that they are very grateful and he can tell the Board that the students are very grateful.

Cydne Johnson asked if the \$4 million project budget is the same as it was when OCDC met with them last time. John Zacharek stated that it is the same. He stated that they are taking the Community Scholars Program and saying what do we need in order to make it sustainable, how much is that going to kick out. He stated that they looked at it over a five year period. He stated that he wants to be able to have \$400,000 in scholarships that the Foundation can lay their hands on aside from the other scholarship support that they do have through programs like Say Yes. He stated that we tend to think that \$250 to \$500 doesn't make a difference but to some students that is the difference between them attending and not attending.

Cydne Johnson stated that the total budget has pretty much stayed the same. She asked how much OCDC contributed last time. Honora Spillane stated that the sponsorship was \$30,000.

Cydne Johnson asked if \$30,000 does a lot. John Zacharek stated that more money always allows them to help more students.

Cydne Johnson stated that her point is, does \$30,000 service 20% of the people asking, 70% because they haven't done significant marketing. She stated that she is trying to get a sense of what the degree is that they are able to service. John Zacharek stated that percentage of the total scholarships they currently award compared to the total tuition is 1%. He stated that it is not nearly as impactful as they would hope it to be but at the same token that 1% can allow these students to come in the door. He stated that it is a catalyst. He stated that every need is different, they are an open institution and they welcome every student with open arms.

Honora Spillane stated that OCDC is a little unique because some peoples' money goes straight to the endowment where our money goes out the door every year. John Zacharek agreed with Ms. Spillane. He stated that OCDC's support is immediate. He stated that ultimately they want to be able to bolster the endowment so it can spin off that 5% annually to support the students.

Cydney Johnson stated that the reason she asked is because she thinks they are low. She stated that she thinks 1% in this day and age for what they are trying to help workforce and certainly as we talk about economic development in our area people only come here to establish business and opportunity because they believe we have a viable and skillful workforce.

Honora Spillane stated that staff can have some discussions both as a Board and with OCC to talk about doing something towards the endowment.

Upon a motion by Scott Koldin, seconded by Cydney Johnson, the OCDC Board approved a resolution authorizing the signing by an officer of the Corporation of the service contract and all other related documents with Onondaga County College Foundation, Inc. Motion was carried unanimously.

HANCOCK AIRPARK BRIEFING

Honora Spillane stated that staff and Chris Andreucci have been discussing the Hancock Airpark with the County.

Kristi Smiley stated that the Airpark is located north of the airport off of Taft Road. She stated that some of the companies that located there are ICM, Braun and Jadak. She stated that it used to be part of the airport but about 20 years ago the County working with CenterState set up the Hancock Field Development Corporation. She stated that \$1,000,000 was granted to do some of the remediation with money from the Feds and the State to take down the barracks, remove some of the environmental issues and develop it into a park to be marketed for our area and businesses. She stated that there are about eight parcels left with about 50 acres and 10 of which are wetlands so is not marketable. She stated that at this time the contract with CenterState has come to an end as of December 31 and they are turning the land over to the County. She stated that it has always been County land and CenterState has been basically property managers out there. She stated that as it is coming back into the County they are looking for somebody else to be the property manager there. She stated that the

County is looking for OCDC to take on this role. She stated that the park is currently marketed and there has been some interest in it as of late.

Kristi Smiley stated that Chris Andreucci has been working with the County to draft up what a contract may look like and indemnify OCDC of any liability issues. She stated that the understanding is OCDC wouldn't take title to the project but continue as just a property manager and market the park to hopefully fill it.

Honora Spillane stated that in essence they are asking us because we have a little bit more flexibility than the County to develop, market, and manage this property until it is completely sold and then it would be self-sufficient.

Scott Koldin asked who owns the actual land. Honora Spillane and Kristi Smiley stated that the County owns the land.

Matt McAnaney stated that CenterState CEO has been the property manager through a contract. Kristi Smiley agreed and it was with the County.

Matt McAnaney asked why they want out. Kristi Smiley stated that it is not their expertise and they are working on another piece of land that they are working on removing some additional barracks so they are really focusing on remediating that part.

Matt McAnaney stated that we don't have any expertise in property management necessarily. Kristi Smiley stated that is true.

Scott Koldin asked when this project ends. Chris Andreucci stated that it ends when the last parcel is sold. Chris Andreucci stated that right now there are some parcels that are being leased and they are subject to a PILOT with the IDA. He stated that the other parcels are vacant and when they are sold then the contract goes away.

Thomas Bezigian asked if the County is looking to sell all of the property. Chris Andreucci stated yes.

Thomas Bezigian asked if OCDC has to go find tenants. Chris Andreucci stated yes. Honora Spillane stated that as part of the Office of Economic Development's day to day work is trying to find people sites, and we do that anyway with the Air Park.

Kristi Smiley stated that there is an SRA account, the rent comes to OCDC which would be used to pay any of the expenses and we are also asking the County to transfer an amount to cover OCDC's yearly expenses. She stated that it would be a net zero to OCDC.

Honora Spillane stated that she thinks there is a net here because they are saleable acres that over the past 15 years have been sold to some of our great employers.

Scott Koldin asked if there is a possibility that the land isn't going to be sold, its going to be leased. Kristi Smiley stated that the ultimate plan is to sell all of it. She stated that there are currently two buildings with tenants with leases for the next three years. She stated that ultimately they would like to sell those two buildings.

Cydney Johnson asked if we would consider putting an end date on OCDC's management. Chris Andreucci stated that the contract would have a term. He stated that Gordon Cuffy sent him a draft that had been modified and he sent the contract back that essentially said that we would like the County to capitalize the account so there is money in it. He stated that he believes the term was five years with 3 or 4 one year renewals.

Honora Spillane stated that the contract that the County had with the Hancock Field Development Corporation, the CenterState entity, had been extended a number of times, but over past 10 years the space has filled up much more rapidly than previously.

Kristi Smiley stated that there has been a lot of interest in the park in the past six months.

Scott Koldin stated that assume that we have a reversion policy that we can all live with and it is in the contract it is going to revert back to the County, what would be the downside to the Board doing this. Chris Andreucci stated that it would be a reversion policy because it is not like the title is being transferred, He stated that we would terminate the contract so there would be a shorter term and the contract term means you can walk. He stated that assuming OCDC is in long term, if OCDC is completely indemnified by the County then the risk is simply that the County won't pay the indemnification. He stated that they are going to provide insurance so to

the extent that we don't want to rely solely on the County's indemnification, there would be an insurance policy that covers OCDC. He stated that the one risk that is important is the D & O insurance and OCDC wants to make sure that the action is covered so if something goes wrong and the Board or individuals are sued, the insurance will cover it.

Cydney Johnson asked what the alternative would be if OCDC said no we are not interested. Kristi Smiley stated that she doesn't know the answer to that. She stated that she is not sure if they contract with somebody else or they would hire someone on staff to do the work.

Upon a motion by Thomas Cerio, seconded by Scott Koldin, the OCDC Board adjourned the meeting at 9:25 am. Motion was carried unanimously.



Honora Spillane, Secretary

