

ONONDAGA CIVIC DEVELOPMENT CORPORATION
Regular Meeting Minutes
June 17, 2014

The Regular meeting of the Onondaga Civic Development Corporation was held on Tuesday, June 17, 2014 at 333 West Washington Street, Syracuse, New York, 13202, in large conference room on the first floor.

Matt McAnaney called the meeting to order at 2:04 p.m. with the following:

PRESENT:

Cydney Johnson
Thomas Bezigian
Len Manfrates
Matt McAnaney
James Farrell

ABSENT:

Scott Koldin

ALSO PRESENT:

Julie Cerio, Office of Economic Development, Director
Honora Spillane, Secretary
Kristi Smiley, Treasurer
Christopher Andreucci, Harris Beach
Lori Tarolli, Onondaga County Law Department
Mary Beth Primo, Onondaga County Law Department
Ann Rooney, Onondaga County Executive Department

VAN DUYN- PREPAYMENT OF MORTGAGE

Chris Andreucci stated that the operator for the Van Duyn Nursing Home that OCDC sold the facility to after it was transferred from Onondaga County has offered to prepay the amount. He stated that instead of having the five years of monthly payments of approximately \$81,000, they want to pay the balance off as provided in the sale agreement. He stated that the purchase price was \$4,950,000 and they paid a \$50,000 deposit and then \$81,000 every month after that.

Chris Andreucci stated that he is not sure the outstanding balance. Nora Spillane stated that it is approximately \$4,400,000.

Chris Andreucci stated that the County and the operator have been negotiating. He stated that the County has accepted a discount of \$1,950,000 and in order to do that OCDC needs to amend

the transaction documents, more specifically the facility acquisition agreement. He stated that the facility sale agreement needs to be amended which allows the prepayment with the discount. He stated that the sale agreement will be between the purchaser and OCDC. He stated that there is another agreement that OCDC is not a party to that also had to be amended which is the operational asset purchase agreement.

Thomas Bezigian asked who is bringing the action to OCDC and what paperwork got us here today. Chris Andreucci stated that the paperwork is the two amendments that the Board would authorize Julie Cerio to sign and have been negotiated up to about 20 minutes ago and they are final. He stated that they make the two amendments that he just talked about.

Thomas Bezigian stated that he usually sees an application. Chris Andreucci stated that this is a unique transaction and the Board lessened the burden of government by allowing the County to unload the nursing home and put it into private sector hands thereby not having to pay for operational losses every year. He stated that it was a lot easier and more efficient to do it through OCDC because of the provision under the not for profit corporation law where the County can transfer a surplus property to a 1411 Corporation like OCDC upon 10 days public hearing notice.

Thomas Bezigian asked if there might be another benefit to the County if OCDC allows for this prepayment. Chris Andreucci stated that the County came to OCDC and said that the operator is willing to do a prepayment and he made sure that we were going to do it in accordance to the documents and amend it to be done that way.

Thomas Bezigian stated that the County is ok with it, there is no recourse to OCDC and it doesn't cost OCDC anything. Chris Andreucci stated that it will not cost OCDC anything and the legal fees are netted out of the purchase price. He stated that he built in that the buyer has accepted this and an additional indemnification to OCDC from them with respect to the purchase. He stated that if OCDC assigns the mortgage at their request then they are going to indemnify us.

James Farrell stated that in summary there is no revenue change in any way or any impact to OCDC. Chris Andreucci stated that there is zero impact.

Matt McAnaney stated that holding the mortgage for several more years probably has more potential liability than releasing it at this point and clears us of any future exposure.

James Farrell stated that it eliminates exposure so from our perspective that is the positive.

Cydney Johnson stated that the tax payer's burden has been lessened. She stated that there was something realized on a very distressed property so everybody looks better.

Cydney Johnson asked if this changes anything for the employees. Chris Andreucci stated that everything already changed when the operator went in.

Upon a motion by Cydney Johnson, seconded by Thomas Bezigian, the OCDC Board approved a resolution authorizing the prepayment of the Van Duyn mortgage. Motion was carried unanimously.

Upon a motion by Cydney Johnson, seconded by Thomas Bezigian, the OCDC Board adjourned the meeting at 2:12 p.m. Motion was carried unanimously.



Honora Spillane, Secretary

