

Onondaga County Industrial Development Agency
Regular Meeting Minutes
November 7, 2013

The regular meeting of the Onondaga County Industrial Development Agency was held on Thursday, November 7, 2013 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 8:00 am with the following:

PRESENT:

Donna DeSiato
Daniel Queri
Janice Herzog
Michael Allen
Lisa Dell

DELAYED:

Jessica Crawford

ABSENT:

Victor Ianno

ALSO PRESENT:

Mary Beth Primo, OCIDA, Executive Director
Kristi Smiley, OCIDA, Secretary & Treasurer
Karen Doster, Recording Secretary, Agency
Carolyn May, Office of Economic Development
Nora Spillane, Office of Economic Development
Tony Rivizzigno, Agency Counsel, Devorsetz Law Firm
Sarah Wisnewski, Gilberti Law Firm
Patrick Mocete, Onondaga County Legislature

APPROVAL OF REGULAR MEETING MINUTES – OCTOBER 8, 2013

Upon a motion by Mike Allen, seconded by Daniel Queri, the OCIDA Board approved the regular minutes of October 8, 2013. Motion was carried.

TREASURER'S REPORT

Kristi Smiley gave a brief review of the Treasurer's Report for the months of October 2013. She stated that OCIDA has received a small amount from the Quasi Equity success fee as well as interest earned on the banking account. She stated that on the first page of the Treasurer's Report

the 2013 budget amount is incorrect and it should be \$813,250. She expects County Contract expenses to come in under for the year.

Upon a motion by Daniel Queri, seconded by Mike Allen, the OCIDA Board approved the Treasurer's Report for the month of October 2013. Motion was carried.

PAYMENT OF BILLS – SCHEDULE #369

Kristi Smiley gave a brief review of the OCIDA Payment of Bills Schedule #369.

Upon a motion by Lisa Dell, seconded by Janice Herzog, the OCIDA Board approved the Payment of Bills, Schedule #369 with General Expenses being \$32,041.60 and PILOT payments to the East Syracuse Minoa School District for \$113,271.71, Town of DeWitt for \$10.98, Town of Onondaga for \$2.24, Jamesville DeWitt Schools for \$71.88, Onondaga County for \$716.59, City of Syracuse for \$1,114.50. Motion was carried.

CONFLICT OF INTEREST DISCLOSURE

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

TIME WARNER CABLE – PROJECT REVIEW AND PUBLIC HEARING

Alice Kim stated that she is the Director of Government Relations with Time Warner Cable and she is here to explain their new call center project. She stated that it is going to be located at 3179 Erie Boulevard in the old Hechingers Plaza. She stated that this is a first ever business class service center. She stated that the concept is to just focus on the business class and grow the business class segment because it is a growing segment now. She stated that it will increase the customer service who are business class because it will allow them to streamline their focus because they have different needs. She stated that the project will retain 171 jobs in Syracuse because they are going to consolidate some of the employees in the current location and it will add 95 new jobs within the next five years. She stated that they are looking to expand their business class segment of growth

here. She stated that they currently have 72 sales agents, 16 account executives, 39 support staff, 13 managers and 31 technical operations personnel. She stated that they are relatively high paying jobs and they provide full benefits. She stated that 95 new jobs will be full time and permanent. She stated that they do job training as well. She stated that a lot of the jobs are highly technical so they ask that they come in with some kind of sales background especially in the business class segment because they will be selling Time Warner's services. She stated that when they build out the center they will be happy to comply with the local access policy and plan to utilize local contracts in the area to help build the center.

Alice Kim stated that the total investment for Time Warner Cable is \$5,000,000 to build out and the landlord is looking to invest \$2,300,000 for renovations on the site.

Alice Kim stated that they are excited to locate at this spot, that this will be the first business class service center for them, and that it would service the region. She stated that they could locate anywhere because they are going to service the east side of the region for Time Warner. She stated that is why they are looking for assistance and would love to stay in Syracuse. She stated that they have a huge base here with 171 employees currently serving the business class. She stated that the IDA's assistance is critical for the project to be financially feasible here.

Donna DeSiato stated that we are excited about these kinds of opportunities and especially with a company who has the forward thinking type of technological information that Time Warner does.

Heidi Springer stated that she is happy to answer any questions. She stated that Time Warner is very excited about putting in this business class center and will help them to grow the business class segment. She stated that it will free up space in the existing facilities in the Syracuse area. She stated that the business space that is freed up will be utilized to continue to grow the residential segment of the operations. She stated that they are not only retaining the jobs but there is going to be growth of 95 new jobs in the next few years. She stated that they are highly paid and the average salaries are around \$53,000. She stated that benefits offered at Time Warner are extensive. She stated that there is training in house and ability to move up and grow with the company which is really important these days.

(Jessica Crawford arrived at meeting.)

Mary Beth Primo asked for a description of the geographic boundaries they will be serving. Alice Kim stated that for right now when this business class center is open they will serve the east region of Time Warner's service area. She stated that they operate in all of New York, some of Massachusetts, Maine and the Carolinas. She stated that a lot of the employees will be support staff that will help the entire region. She stated that this is kind of a pilot program for them to see if this one location can service the entire country or if it is better to do it regionally.

Donna DeSiato stated that now that they are drawing in the business sector she is going to naively think about the fact that what used to be landlines and fax machines are now Ipads and iPhones so they now command the ability to have an interconnectivity that business and would be coming to Time Warner for. Alice Kim stated that they have always had a business class segment but it is just starting to grow now. She stated that Time Warner offers a vast amount of products that are focused towards businesses.

Mike Allen stated that the Alice Kim and Heidi Spinger did a nice job on the presentation. He asked if the location is where Hechinger's and Paradise Market used to be. Alice Kim stated that it is where the Price Chopper used to be. She stated that it is completely vacant and has been vacant for 20 years.

Mike Allen asked if the location is in the Town of DeWitt. Alice Kim agreed.

Lisa Dell asked when they anticipate starting. Alice Kim stated that January 1 is when they plan to start the renovation. She stated that they hope to open for business on April. She stated that it is a growing segment and the business class is invading the residential space so they really need a new space. She stated that Time Warner is very eager and very excited and would love the opportunity to expand here locally.

Mary Beth Primo stated that on the application it states there will be 95 new jobs and she noticed that the first three years there will be 70 jobs. She asked if they 95 will be over a five year period. Alice Kim agreed.

Donna DeSiato asked what the breakdown is of the 95 jobs. Heidi Springer stated that there will be mainly sales, support staff, technical operations. She stated that there will be 4 to 8 technical

operations jobs in year one and two but in the third year as things get underway and more demand for these services that number will grow.

Donna DeSiato asked what levels of education those jobs require. Heidi Springer stated that most of the jobs at Time Warner because they are in a sales environment like to have employees come in with some sales background. She stated that at the management levels they want a four year degree, some management experience and some business to business sales experience. She stated that the lower level or entry level jobs they can come in with very little experience without any formal two year degree although that is preferred. She stated that on the technical side if they have a formal technical degree but they have experience with telecommunications, they know what the components are and can demonstrate that then they would be a competitive potential employee.

Donna DeSiato asked if they are willing to partner with a high school. Alice Kim stated that yes especially with a technical degree. She stated that you would be surprised how many of the high level engineers started as a tech in the field.

Mike Allen asked who the CEO is now. Alice Kim stated that when Mary Cotter was there they weren't a publicly traded company. She stated that she was a division president. She stated that her role now would be John Keib and she believes he used to be the VP of Marketing in Syracuse. She stated that he runs the operations of the company.

Dan Queri asked what is the initial term on the lease. Heidi Springer stated that a 10 year lease is being negotiated.

Daniel Queri asked if the lease has been signed. Heidi Springer stated no. She stated that they are still negotiating. She stated that there are some issues with the access to the center and what the share would be on those expenses.

Daniel Queri asked if the negotiations are between the tenant and the landlord. Heidi Springer agreed.

Daniel Queri asked if they anticipate the lease being done, financing in place and being able to start by January 1, 2014. Heidi Springer stated yes. She stated that there is a tight deadline. She stated

that there were a number of sites that were contemplated and this one came out on top for a number of reasons. She stated that the location and access ability for the employees being relocated was the main concern. She stated that is the preferred site and it is nontraditional site so there is a lot of risk with that.

Daniel Queri asked if the landlord has approached the Agency for any benefits. Mary Beth Primo stated that she doesn't think he wants to. Kristi Smiley stated that they wanted to go through a 485b through the Town.

Daniel Queri asked if the landlord in the past ever come before the Agency for benefits. Kristi Smiley stated not the current landlord that she is aware of.

Alice Kim stated that the landlord is eager to get Time Warner in there and they are doing a lot of work to the building.

Janice Herzog stated that she is interested to hear the risks and challenges that they see are the greatest other than it being a nontraditional site. She asked what are the greatest risks and challenges with this model. Heidi Springer stated that this is a growing segment in Time Warner's operations right now. She stated that the number of employees that are being dedicated to business class service is growing and it is actually constricting the growth of the residential right now. She stated that this is an area of growth for Time Warner in the future and this is where more of their operations will be going to. She stated that they are adding more and more services to the business class operations and that will be an area that they are counting on for growth for the whole company nationwide. Alice Kim stated that one of the risks is that this is the first for them. She stated that they are trying to streamline things and make things cost effective for everybody. She stated that it is kind of a pilot program to focus just on the business class segment. She stated that a lot of times they would use the residential resources.

Janice Herzog asked if there is a timeline where a certain amount of growth should be achieved to sustain the operation and keep it viable. Heidi Springer stated that this is a test model and she hasn't seen any numbers yet. She stated that everyone is counting on this as working. She stated that there has been a proven demand for the services and there has been a bottle neck in being able to deliver those services. She stated that this is a way to really concentrate a core group of

employees on building the business. She stated that there will be training for employees specifically to service the business class services that are being offered. She stated that she doesn't think there is a real thought that this won't be successful but it may need to be tweaked. Alice Kim stated that the business class is a growing sector of the business so there is definitely the need.

Upon a motion by Mike Allen, seconded by Daniel Queri, the OCIDA Board approved a resolution describing the proposed Time Warner Cable project and the financial assistance the Agency may provide and authorizing a public hearing for the project. Motion was carried.

Upon a motion by Jessica Crawford, seconded by Daniel Queri, the OCIDA Board approved a resolution authorizing the execution of the Agent Agreement outlining the responsibilities of the Developer and the Agency for the project. Motion was carried.

HINSDALE ROAD GROUP (TOWNSHIP 5) SUPPLEMENTAL INDUCEMENT RESOLUTION

Joe Goethe stated that they have started site work and they have retained Landco to be the site contractor. He stated that DOT has agreed to allow not only their site work while Landco is out there but also begin the work on the Town connector road. He stated that all of that work is being done in anticipation of turning over Costco next spring. He stated that they are providing clean soil to Onondaga Lake for their fill process to help cap the 475 acres of sediment in the bottom that they have to cap with clean fill. He stated that work is ongoing. He stated that Costco has submitted for the building permit and should have that within a couple of weeks but they don't need it until Hinsdale Road Group turns over the pad. He reviewed the map of the site. He stated that they have signed an agreement for the 96 apartments with Bob Morgan and he is in the process of finalizing all his plans and agreements. He stated that the first few buildings will be open potentially in 2014 but certainly 2015.

Joe Goethe stated that during the process they put near final plans out to bid for the DOT work for the infrastructure improvement. He stated that the numbers that Kevin McAuliffe provided shows where there was an increase in cost beyond what they had thought including the public pump station for the Hinsdale Sewer District. He stated that in addition the offsite work which includes an area

where Finger Lakes Railroad is demanding that they improve the signalization in the crossing which is going to cost them nearly \$200,000 beyond what they thought. He stated that they thought they would be able to just tie in to their signalization. He stated that they are making it a signalized intersection. He stated that now it is a four way stop sign and it is a mess with the amount of traffic that comes down there in the morning. He stated that was an increased cost. He stated that the overall cost was higher than they expected when they bid it out. He stated that in addition National Grid requires more work. He stated that they thought they would be able to do the pipe but National Grid is insisting they do the pipe and the National Grid price is about 30% higher than what they were going to do it for.

Kevin McAuliffe stated that they originally anticipated that the infrastructure costs would be done through bonds but the bond market has changed drastically if not collapsed. He stated that it has become impossible to bond. He stated that they have been working with Key Bank and they came back and said they will increase the construction loan by \$3,500,000. He stated that they have gone to the districts for the construction loan and when the market changes they can go back to the bond market, come back to the IDA at that time, bond off the balance of whatever is still owed on the \$3,500,000 and the balance of what the entity is financing on the infrastructure costs. He stated that all \$6,600,000 has to be done now or they will not get a building permit and no final approval from DOT unless all of this is undertaken. He stated that they have no choice but to take the whole thing and do it all at once. He stated that they have gone to all the taxing jurisdictions and to say that this was an easy sell would be an understatement. He stated that everyone wants to know when they are going to get started. He stated that an interesting piece about the west intersection change is that a lot of the buses will head down Hinsdale but the slope is quite steep. He stated that the buses use Knowle and Bennet as an alternate route so fixing the signalization is very important to the school district. He stated that the school district can't wait for this to be done not only for the development to occur because nothing like this has ever happened out there but the \$6,000,000 in changes are things that they needed for a long period of time and nobody has undertaken them. He stated that they had unanimous support for this change resolution at each of the taxing jurisdictions that they went to.

Mike Allen asked if the railroad tracks bother them at all. Joe Goethe stated that it shouldn't although they want to make it seem like it bothers them. He stated that the railroad wants to have

the right to put 60 mph trains through there. He stated that they put about two or three trains through there a day. He stated that the tracks aren't used a lot.

Daniel Queri asked how does changing the residential impact the deal. Joe Goethe stated that it hasn't changed. Mary Beth Primo stated that it moved a while ago and it another time it was someplace else but the last time they came before the Board it was there.

Mary Beth Primo asked if this was always a 25 year schedule. Kevin McAuliffe and Joe Goethe stated yes.

Mary Beth Primo asked if they anticipate when they refinance extending the schedule. Joe Goethe stated no. Kevin McAuliffe stated no because they would have to go back to all the taxing jurisdictions.

Upon a motion by Mike Allen, seconded by Jessica Crawford, the OCIDA Board approved a resolution authorizing an officer of the Agency to sign the supplemental inducement resolution. Motion was carried.

TESSY PLASTICS – PILOT

Mary Beth Primo stated that this is an almost 100,000 square foot warehouse. She stated that the PILOT value was arrived at by working with the company and the assessor. She stated that the company approved the use of the assessed value in this standard PILOT. She stated that the standard PILOT is no longer the 485B, it is the 10 year that begins with 100% exemption. She stated that this was a negotiated PILOT and she believes it will benefit the company as well as the taxing jurisdictions.

Mike Allen stated that this was done a couple years ago. Donna DeSiato stated yes. She stated that she was out there recently and it is an extensive plant.

Kristi Smiley stated that they just finished warehouse a few months ago.

Jessica Crawford asked if there is an existing PILOT in place now. Mary Beth Primo stated that there are a number of PILOTs.

Upon a motion by Janice Herzog, seconded by Lisa Dell, the OCIDA Board approved a resolution accepting the financial terms of the Payment in Lieu of Tax Agreement between Tessy Plastics and the Agency for its manufacturing and warehouse facilities located in the Town of Elbridge. Motion was carried.

GRANTING EASEMENT TO ALLIANCE ENERGY FOR THE PURPOSES OF MOVING POWER LINES

Tony Rivizzigno stated that the new dorm put up on Syracuse University is over a National Grid power line. He stated that they have to move the power line from under the dormitory down along the street. He stated that they are going along 1,700 feet along the City of Syracuse right of way and they have already given them approval. He stated that a portion of that is on the railroad tracks that the Agency owns. He stated that they have worked with the railroad down in Cooperstown and they have the agreements completed but they don't have an easement from the Agency. She stated that they didn't realize they needed one until the last minute. He stated that they need an easement so they can continue the line and moving it from its current location to along the street.

Upon a motion by Mike Allen, seconded by Jessica Crawford, the OCIDA Board approved a resolution granting an easement to Alliance Energy to move power lines. Motion was carried.

ULTRA DAIRY – MORTGAGE MODIFICATION

Tony Riviziggnno stated that this is just a financing situation where they are changing the term and the interest rate. He stated that because we are owners of the property we have to approve these things. He stated that the Agency is not responsible for any legal or financial obligation on the mortgage but the Agency has to sign off on it. He stated that they are only changing the rate and the term and does not affect the Agency but they need a signature to do it. He stated that the he reviewed the documents and reviewed the modifications and it is fine.

Upon a motion by Janice Herzog, seconded by Lisa Dell, the OCIDA Board approved a resolution authorizing the Executive Director or other authorized officer or board member to sign a mortgage modification agreement between Ultra Dairy and M & T Bank. Motion was carried.

Upon a motion by Mike Allen, seconded by Janice Herzog, the OCIDA Board adjourned the meeting at 8:54 am. Motion was carried.

Kristi Smiley, Secretary

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