

Onondaga County Industrial Development Agency
Special Meeting Minutes
March 27, 2013

The regular meeting of the Onondaga County Industrial Development Agency was held on Tuesday, March 27, 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 12:01 pm with the following:

PRESENT:

Donna DeSiato
Daniel Queri
Victor Ianno
Jessica Crawford
Janice Herzog
Mike Allen

ABSENT:

Dale Sweetland

ALSO PRESENT:

Kristi Smiley, OCIDA, Secretary & Treasurer
Karen Doster, Recording Secretary, Agency
Nora Spillane, Office of Economic Development
Linda McShane, Office of Economic Development
Carolyn May, Office of Economic Development
Tony Rivizzigno, Gilberti Law Firm
Joe Goethe, Cameron Group
Michael Francis, Cameron Group
Tom Valenti, Cameron Group
Kevin Eldred, Cameron Group
Kevin McAuliffe, Hiscock & Barclay
Greg Sgromo, Dunn and Sgromo Engineers
Paul Pelton, West Genesee Central School District
Mary Ann Coogan, Town of Camillus
David Callahan, Town of Camillus
Patrick Mocete, County Legislature
Jim Gibbons, YNN
Bill Carey, YNN

CONFLICT OF INTEREST DISCLOSURE

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

HINSDALE ROAD GROUP (TOWNSHIP 5): PROJECT REVIEW & PUBLIC HEARING

Joe Goethe said he is here with Greg Sgromo who is their engineer, Kevin McAuliffe is their attorney, Paul Pelton is the Assistant Superintendent for the school district, Kevin Eldred is a sponsor partner on the project, Tom Valenti is his partner in the Cameron Group, Mike Francis is the CFO, Mary Coogan is Town Supervisor and Dave Callahan is a Ward Councilman in the Town of Camillus.

Joe Goethe stated that this project was previously approved in 2008 when they went through with a resolution with the school, town and the IDA. He stated the project he is presenting to the Board a better project with a better anchor and mix than they had in 2008. He stated that they received Ways and Means Committee approval with a unanimous resolution on Monday and the Town resolution for the PILOT was yesterday and the School District will have a resolution on April 10. He stated that they are going before the County Legislature on April 2 to get their resolution. He stated that they are in good shape with everybody in agreement for the PILOT and to do the infrastructure improvements that they have to facilitate the project.

Joe Goethe stated that the Cameron Group is a development company that Tom Valenti, Larry Adler and himself started about 13 years ago and they have developed everywhere from Florida to the Northeast and currently in Kansas City with a mixed use development. He stated that most recently in New Jersey with a power center. He stated that they redid the Finger Lakes Mall, Finger Lakes Crossing in New Hartford, Marquis Cinema and retail project along with some residential. He stated that they are based in East Syracuse and they own their office building that has multiple tenants in it. He stated that in 2005 they focused on a property in Camillus which is off the Hinsdale Road exit adjacent to the Route 5 bypass. He reviewed a map of the location and the development. He stated with all the development you see in the eastern and northern parts of the County and only sporadic development on the West, it made it advantageous to put a project in here with great highway access to facilitate the tenants' regional draw. He stated that it was a property zoned light industrial and generates \$50,000 in real estate taxes today

He stated that in order for the property to get redeveloped in any manner it needed to overcome some major issues. He briefly described the impediments to the site's development and gave an overview of the infrastructure improvements that are necessary and stated that all of those

components are why they are before the Board today. He stated that it is a massive infrastructure improvement that has to get done in order to develop the site. He stated that the anchor tenant is Costco and they have been working for three years to get them to Syracuse first before Rochester and Albany.

He stated that Costco is looking at this as a net wealth generator for our County. He stated that this will be the first in the State so it will draw well beyond Onondaga County. He stated that Costco's average store volume initially for every store that they open is \$100,000,000 for first sales. He stated that what they have in the numbers that have been presented or will be presented is an \$80,000,000 average sales volume so they are being conservative on the sales tax revenues generated. He stated that it is not only Costco, it is a mixed use development. He stated that it is a lifestyle center development. He stated that the configuration has changed since it last came before the Board however it still has a major anchor, Frank Theater, family entertainment, bowling, restaurants, office, retail and residential. He stated that there will be 97 market rate apartment units. He stated that this market is hungry for apartments and is 98% percent occupied and there is very little available.

Joe Goethe stated that it is going to be mixed use and as they like to say it is live, work, stay and play. He stated that they have worked with the County for a few years now and one of the things that they wanted to make sure is that they have smart growth. He stated that they have tied in a walking path along the national easement grid which will tie into the County's temporary bike path that goes to the Erie Canal along Warners Road. He stated that eventually they will into the permanent.

He stated that the improvement of the traffic is one of the reasons the school is so ecstatic about this site because there is constant rerouting of the buses there. He stated that the bonds will pay for the infrastructure improvements which will improve the safety conditions on Knowles, Milton, Bennett and Hinsdale Roads.

He stated that there is a private investment of about \$48,000,000 in the project. He stated that the construction jobs are 400-500 during the entire build out of the project with \$15,000,000 to \$20,000,000 worth of payroll. He stated that there will be 500 full time/full time equivalent permanent jobs with \$13,000,000 payroll. He stated that the sales tax revenue for the whole

project will be about \$10,000,000. He stated that one of the interesting comments on the permanent jobs is that when Costco presented to the Town Planning Board it revealed that it had just voted to raise their average starting salary from \$11.00 to \$11.50. He stated that they pay more than any retailer. He stated that a person who is a cashier for four years is making an average of \$47,000, has 401K and participates in full benefits. He stated that they will employ about 200-250 people here.

He stated that one thing to think about during this is that presently the site generates \$50,000 in real estate taxes annually and but what they are proposing is a PILOT where there will be \$41,000,000 paid over the 25 year period. He stated that the estimated property taxes assuming 485b with full assessment would have been \$40,900,000 so the difference between the PILOT and what the taxes would have been is only \$158,000. He stated that the difference between the PILOT less the bond payments is in the \$30,000,000. He stated that they are going to collect about \$30,000,000 in PILOT payments for all the jurisdictions. He stated that if they don't build the project, and they can't without the infrastructure, taxes would be about \$1,700,000 over 25 years. He stated that it is \$1,700,000 versus \$30,000,000 and those are the two big numbers.

Kevin McAuliffe stated that he is an attorney with Hiscock and Barclay. He explained that this project and a possible PILOT have been the subject of discussions since 2008.. He stated that Mike Francis, the CFO of Cameron, has spent an extensive amount of time working with the assessor of the Town so that they could create an estimated real property tax stream so they could honestly come and say that this is a PILOT that does not reduce the tax burden on the facility. He stated that they want to use part of it to pay bonds but they are starting with a PILOT that is different from most PILOTs. He stated that it is not a tax savings. He stated that over 25 years they project, assuming an annual 2% increase in every tax rate of the three affected taxing jurisdictions, that the PILOT will actually generate more revenue out of the site than the tax payments would have. He stated that this is based upon very detailed assessments per square foot with a low of \$43 a foot for Costco and a high of \$121.72. He stated that they are rounded to the nearest penny thanks to the good work of Mike Francis and the Town Assessor. He stated that using that in the site plan, they created the model for what taxes would be over the next 25 years and then backed off of that and created a PILOT where the PILOT produced more revenue than the taxes would with the two assumptions which are the 2% increase in taxes and a 3% annual increase in the rate within the PILOT. He stated that in working with that it was

presented to the Ways and Means Committee, the Town with a detailed explanation on how it would work, what would happen, how the bonds are sold, and what this all means. It was explained that the PILOT schedule starts off with a per square foot cost of \$2.15 per ft. of everything that is placed in service and then that rises to \$4.37 over 25 years.

He stated that what they did in terms of their presentation to the County was they presented them with three different scenarios because they are going to the market to bond for the \$6,000,000. He stated that they are working with USDA to get a guarantee and with that guarantee they will be able to enhance the bond and lower the interest rate. He stated that they talked about going with a variable rate but they may not. He stated that they don't know if USDA upon its review of its earlier determination made in 2008 will once again designate this property as rural. He stated that is the first step in obtaining their guarantee that would apply to any lender.

He stated that to put some parameters around what they are asking of all the taxing jurisdictions, they ran the analysis three different ways, looked at it with a 1.74%, 3.25% and 6.25% interest rate. He stated that based off those they created caps and this is in the County and Town resolutions. He stated that what they wanted in the PILOT was in any year in which the PILOT payment to the IDA was less than \$1,000,000 than no more than \$325,000 can be drawn off to pay debt service. He stated that in any year in which the PILOT payment was more than \$1,000,000 then the cap goes to \$475,000. He stated that they have estimated that by year two assuming construction on the current anticipated level, the PILOT would be a gross amount of \$1,175,000 and then it rises all the way to \$2,319,000 over time.

He stated that they have had universal support. He stated that the support from the school district has been twofold. He explained that the strong support from the school district is due to the PILOT revenue it will receive and because the road improvements will enhance safety. He stated that they have met a number of times with Supervisor Brown and Mr. Pelton and they would love to not have to reroute the buses as many times as they do because of the backups on Hinsdale Road, the intersection accidents and obviously the connector road will help them as well.

Mike Allen asked if there were any objections when they had their meetings. Mary Ann Coogan stated that there were none. Kevin McAuliffe stated that they had unanimous support from Ways

and Means. He stated that back in 2008 there were no objections and there was support for this. He stated that the support came in not only fiscal and highway but the project as a lifestyle facility provides places for people to in the Town. He stated that there were references to facilities that young people could go to that are not currently present in the town.

Donna DeSiato stated that when you see this level of support and number of entities being in accord it pays special tribute to the planning, discussions and thoughtful decision making that have gone on among and between them. She stated that the town and village certainly look at that in the aspect of balancing all of its properties and planning with its regard to traffic, water, electrical or any other kind of resource in the area. She stated that it does pay tribute that they have really done a great job in laying this out so that people can understand it, and support it.

Daniel Queri asked for the phasing and timing to get the full build. Joe Goethe stated that currently if everything goes smoothly and they have talked to Lanco, they can deliver a pad to Costco, Franks and the restaurant pads this year. He stated that if that slips it would slip to early/late spring or early summer opening. He stated that right now Costco would open in 110 days after they deliver the pad. He stated that if they can get all the offsite taken care it can open this year and more conservatively speaking it will open in the summer of next year. He stated that they will start the apartment buildings along the same time period. He stated that things have been going pretty quickly in Camillus and could probably have it done in 18-24 months.

Daniel Queri stated that he asks because the schedule shows full build assessment in year two, doesn't have calendar year but shows full build assessment in year two so he wants to make sure the PILOT and the timing are consistent. Joe Goethe stated that year one to year two is kind of an overlap. He stated that year one could be 18 months.

Kevin McAuliffe stated that the bank pad will have a burden of \$143.08 per square foot which takes the top rate per square foot in the Town for any use and that was built into the PILOT as well.

Janice Herzog stated that it was mentioned that Costco was going to be expanding in other areas and asked what is their schedule is like in terms of that. Joe Goethe stated that Rochester will probably be second and guess late 2014, early 2015 given what they have to do there. He stated

that they have not been able to find a site in Albany yet. He stated that Buffalo isn't on their radar yet. Victor Ianno stated that he has been in Costco in Florida and it blows his mind the scope of the store and quantity of people there at any given hour. He stated that we will be their first for at least a year and half and there may be only two stores in NYS for a while until they find something in Albany.

Mike Allen stated that it is nice to hear that they are good to their employees. Joe Goethe stated that they are very good to their employees and loyal.

Janice Herzog asked what level of people living in the apartments will be working in the area. Joe Goethe stated that he thinks it is going to be a combination. He stated that they are market rate apartments. He stated that Starlight Apartments are \$1.10-\$1.20 a foot. He stated that what he thinks they will have a lot of is empty nesters. He stated that there are a lot of people in this market place who have been in their homes for a long time and want to get out but stay in the area.

Janice Herzog commented on the walkability of the development. Joe Goethe stated that it is great.

Upon a motion by Victor Ianno, seconded by Mike Allen, the OCIDA Board approved a resolution describing the proposed Hinsdale Road Group project and the financial assistance the Agency may provide and authorizing a public hearing for the project. Motion was carried.

Tony Rivizzigno stated that Bond Counsel would be William Marquardt and he is acceptable and recommended to the applicant. He stated that he is on the list of Agency approved bond counsels.

Upon a motion by Daniel Queri, seconded by Victor Ianno, the OCIDA Board approved a resolution appointing Trespasz and Marquardt as Bond Counsel for the Hinsdale Road Group/Township 5 Project. Motion was carried.

Tony Rivizzigno stated that his firm has done some leasing work for the Cameron Group and they asked them to sign a waiver and they are asking the IDA to also sign a waiver so that they

can continue their representation. He stated that their leasing has very little to do with the financing of the project.

Upon a motion by Mike Allen, seconded by Victor Ianno, the OCIDA Board approved a resolution confirming it has no objection and waives any existing or potential conflict as a consequence of Gilbert, Stinziano, Heintz & Smith PC representing Cameron Group with respect to certain leasing transactions within the Township 5 Project. Motion was carried.

AGRANA FRUITS US, INC.: INDUCEMENT AND SEQRA

Kristi Smiley stated that the public hearing was held this morning in the Town of Lysander. She stated that eight people attended both from the public and from the town. She stated that the Supervisor spoke in favor of the project and the jobs that it would create for the area. She stated that he also wanted to thank the IDA Board and commend the Board on all the work done in order to land this project.

Donna DeSiato stated that along with the County Executive, the Legislature and everyone was really working so well on this project.

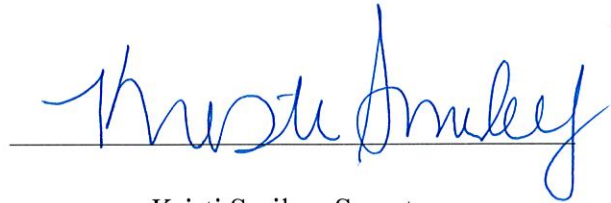
Tony Rivizzigno stated that the Town Planning Board received an application from Agrana for the site plan approval and they conducted the SEQRA evaluation and the Agency is just adopting theirs rather than doing our own.

Upon a motion by Mike Allen, seconded by Victor Ianno, the OCIDA Board approved a resolution for SEQRA purposes concerning the environmental significance of the Agrana Fruits US, Inc. project which involves a Type 1 action and the Agency hereby ratifies the Town of Lysander's Planning Board findings that the project will not have a significant adverse environmental impact. Motion was carried.

Upon a motion by Victor Ianno, seconded by Jessica Crawford, the OCIDA Board approved a resolution for a straight lease transaction for the Agrana Fruits US, Inc. project consisting of land

acquisition, preparation and construction of an approximate 100,000 square foot manufacturing facility in the Town of Lysander. Motion was carried.

Upon a motion by Victor Ianno, seconded by Daniel Queri, the OCIDA Board adjourned the meeting at 12:42 pm. Motion was carried.



Kristi Smiley, Secretary