

Onondaga County Industrial Development Agency
Special Meeting Minutes
June 3, 2013

A special meeting of the Onondaga County Industrial Development Agency was held on Monday, June 03, 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 3:02 pm with the following:

PRESENT:

Donna DeSiato
Daniel Queri
Janice Herzog
Michael Allen
Victor Ianno
Lisa Dell

ABSENT:

Jessica Crawford

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
Linda McShane, Office of Economic Development
Tony Rivizzigno, Gilberti Law Firm
John McGuire, AICM
Ed Kelley, Bond Schoeneck & King
Kevin McAuliffe, Hiscock & Barclay
Nick Marsella, Byrne Dairy
Jim Gosier, Byrne Dairy
Ryan Elliott, Byrne Dairy
Sara Wisniewski, Gilberti Law Firm
John Klucsik, Gilberti Law Firm
Greg Lancette, Building Trades
Patrick Mocete, Onondaga County Legislature
George Baier, National Grid
Rick Moriarty, Post Standard
Jeff Kulikowsky, News Channel 9
Ryan Delaney, WRVG
Megan Bastedo, NCC News
Jamie Hoskins, NCC News

AMERICAN INTERMODAL CONTAINER MANUFACTURING INC.: PROJECT REVIEW
AND PUBLIC HEARING

John McGuire stated that they are building a 53 foot intermodal containers which are what are on trains traveling now. He stated that the reason they are building them here is because they are generally only used in North America and only made in China. He stated that DeWitt is near an intermodal ramp. He stated that the choices were Albany, Buffalo or Syracuse. He stated that there are currently about 43,000 of these coming into the US every year and demand is growing. He stated that about 85% of the cost of the boxes are the raw materials so they can build them for roughly the same cost as the Chinese. He stated that the project will create 200 jobs.

Donna DeSiato stated that the new employment opportunities are terrific and one of the Agency's number one priorities is to grow jobs and to grow the economy in Central New York. She stated that we believe that it is a win win for Central New York when we can do both.

John McGuire stated that it will be about nine months to a year before starting operations if all goes well.

Mike Allen asked if they are refrigerated. John McGuire stated that they are not refrigerated. He stated that they are the standard dry boxes. He stated that refrigerated is something else they could do.

Mary Beth Primo asked John McGuire to explain more about the importance of having 53 foot containers as alternatives to the 40 foot containers that are being used. John McGuire stated that that there are 20s and 40s that are more of a commodity. He stated that the 53s are only used in North America. He stated the rails and most of the large truckers carry 53 foot boxes.

Victor Ianno asked if the truckers will be able to haul those 53 footers on the road. John McGuire stated yes and said basically what is happening is that they are a truck body but there is no more over the road trucking going on for the most part. He stated that anything going over 500 miles goes onto a train.

Victor Ianno asked if they will be competing with the ports in places like Atlantic City. John McGuire stated no because the 53 foot containers do not go on ships but are used for transporting goods by rail and truck.

Victor Ianno asked if they are all domestic. John McGuire explained that it costs more to ship the 53' containers from China to the US because , unlike the 20' and 40' boxes, 53 footers don't fit in ships so they must come over as deck freight.

Mary Beth Primo asked John McGuire to talk about the principals of the company. She stated that it is a new company and the Board was not familiar with AICM until they heard about this project. John McGuire stated that there is himself, Walker Wainright and Howard Legette who is in San Diego.

Victor Ianno asked if this will be a central executive office and a production office or will executive offices be elsewhere. John McGuire stated that the executive offices will be here.

Mike Allen asked how many containers will be made per day. John McGuire stated that they will do 50 a day on a single shift. He stated that they hopefully can expand it.

Dan Queri asked where the raw materials are coming from. John McGuire stated that almost 100% of it is domestic. He stated that the steel is back and forth between a few companies but they are in the Cleveland area. He stated that the wood comes from the Northeast to begin with. He stated that the trees are leaving in containers for China and coming back as floors.

Mary Beth Primo asked what their useful life is. John McGuire stated that they say they last 10 years but it is actually longer than that.

Mary Beth Primo asked if it is true that most of the containers out there are nearing the end of their useful life. John McGuire stated yes. He stated that with the economic downturn they weren't being replaced.

Mary Beth Primo asked if the push for the 53 footers is because of fuel costs. John McGuire stated yes. He stated that you can double stack them.

Donna DeSiato asked if it will take nine months approximately to build the facility. John McGuire stated yes.

Donna DeSiato asked if that would be the beginning of the 200 positions or will that be gradual. John McGuire stated that it will be gradual.

Donna DeSiato asked if there are various types of positions. John McGuire stated that there are various types of positions. He stated that it is more computerized type stuff, CNC, body welding and higher tech.

Daniel Queri asked where they are with the financing and how they are going to finance. John McGuire stated that bonding is a big part of it and that is why he is here today.

Ed Kelley stated that in the resolution in essence they rounded that up to \$95,000,000 in terms of adding a contingency to address some unanticipated cost and to avoid having to redo a public hearing in the event the project costs go up. He stated that effectively the application should be considered to be \$95,000,000 even. He stated that the amount borrowed will only equal the actual project cost.

Tony Rivizzigno stated that they can only bond for whatever the project cost is. He stated that the project cost here is going to go up to \$95,000,000 a possibility that there could be additional costs. He stated that if there are no additional costs then obviously they won't bond that much.

Daniel Queri asked if the \$26,000,000 in escrow reserves and other related costs is a bondable cost. Ed Kelley stated that it is a debt service reserve fund required by investors and a capitalized interest fund to pay interest on the bonds for construction which are both eligible.

Mary Beth Primo stated that the escrow reserves will be \$28,815,000 to get that \$95,000,000. She stated that the applicant is going to amend their application based on these corrections. Ed Kelley agreed.

Donna DeSiato stated that the resolution before the Board today is going to be modified to a total project cost is estimated to be \$95,000,000 and includes \$7,410,000 for building construction, \$125,000 for site work, \$2,420,000 for engineering, \$51,730,000 for equipment, \$500,000 for

legal fees, \$4,000,000 for financial charges and \$28,815,000 in escrow reserves and other related costs. Ed Kelley agreed with the resolution.

Mike Allen asked what the estimated payroll will be. Kristi Smiley stated that it is \$33,500 and it is in the application. Mary Beth Primo stated that the first year is \$33,500 plus benefits which are anticipated to be equal to approximately 20% of salary and the second year will be about \$1,000 more in salary.

Mike Allen asked if there is going to be one or two shifts. John McGuire stated that there will be a single shift. He stated that it will be 50 boxes in an eight hour shift but it could grow.

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

Kristi Smiley stated that Ed Kelley from Bond Schoeneck & King is recommended for Bond Counsel.

Upon a motion by Daniel Queri, seconded by Lisa Dell, the OCIDA Board approved a resolution appointing Ed Kelley as Bond Counsel for the American Intermodal Container Manufacturing Inc. project. Motion was carried.

Tony Rivizzigno stated that the Board is being asked to take action on SEQR today. He stated that based upon the information that he has received it is their determination that the project is an unlisted action with no significant impact on the environment.

Upon a motion by Mike Allen, seconded by Victor Ianno, the OCIDA Board approved a resolution adopting a negative declaration for the American Intermodal Container Manufacturing Inc. project located in the Town of DeWitt as an unlisted action with no significant adverse environmental impact. Motion was carried.

Greg Lancette stated that he is the President of Central and Northern New York Building and Trades Counsel. He asked if there is going to be some deconstruction of part of the site. John McGuire stated not from what AICM is doing.

Greg Lancette asked if the up to 200 job force count the construction and installation of equipment. John McGuire stated no. He stated that is the permanent employees.

Greg Lancette asked if there is any special training required for the permanent jobs as far as is there going to be local job opportunities for the community folks who are out of work. John McGuire stated yes but he doesn't have the specifics yet.

Greg Lancette asked if they are highly specialized where they need bachelors and those types of degrees to operate the equipment. John McGuire stated that it is advanced manufacturing.

Donna DeSiato stated that this is a great area for advanced manufacturing. She stated that there are some great companies in this area.

Mike Allen stated that when it comes to manufacturing there is a lot of expertise in this area that used to be in auto and many other industries.

Donna DeSiato stated that the Agency is extremely pleased that Central New York was selected in their site review. She stated that we consider it to be an affirmation that we are both by location and by the resources here both human, environmental and natural resources to be a highly desirable site.

ONX1 INC.: PROJECT REVIEW AND PUBIC HEARING

Kevin McAuliffe stated that ONX1 acquired this property last November from an LLC by the name of Syracuse Properties LLC which had acquired it during the Chrysler bankruptcy. He stated that Syracuse Property acquired it to hold during the period of time that Magna was still leasing the facility. He stated that as everyone knows Magna ceased operation last October, the lease terminated December 31 and Magna moved out. He stated that this is a completely vacant

building. He stated that this was at one time a great manufacturing facility that had 3,000 employees in it. He stated that the proposal before the Board is that AICM will occupy a portion of the facility, probably about two-thirds of it. He is not sure the exact square footage but it there will be two segments. He stated that ONX1 will be selling AICM the improvements and then leasing the land underneath the improvements and the adjoining pad to AICM. He stated that the work of his client consists of taking down a portion of the building that will then become a pad for use by AICM to store and ship things out of. He stated that the SEQRA form asks if there is sufficient parking and there is plenty of parking for the 189 estimated initial employees. He stated that they are looking for sales tax relief on those portions of the work that they are going to do that are taxable. He stated that there is no mortgage and will be financed by his client. He stated that the activities to support the American Intermodal Container Manufacturing action that is all that they are really undertaking at the facility currently. He stated that they are trying to lease the rest but they have nothing firm in place.

Donna DeSiato asked Mr. McAuliffe if the work will be done by local people. Kevin McAuliffe stated that he is certain that it will be and there have already been a lot of people from this region working on the facility doing the analysis and the remediation that has already started. He stated that his client is from Florida.

Donna DeSiato asked if the timeline is similar to AICM's timeline of nine months. Kevin McAuliffe stated yes. He stated that they are coordinating everything with them.

Donna DeSiato stated that this is in addition to the approximately 200 jobs on one shift that might be in this part of the project. She asked if there will be other jobs. Kevin McAuliffe stated not by his client. He stated that their job is to make the place ready for AICM to begin their manufacturing.

Mike Allen stated that that itself creates jobs. Kevin McAuliffe agreed.

Upon a motion by Daniel Queri, seconded by Victor Ianno, the OCIDA Board approved a resolution describing the proposed ONX1 Inc. project and the financial assistance the Agency may provide and authorizing a public hearing for the project. Motion was carried.

Tony Rivizzigno stated that the project is outlined as an unlisted SEQR action, having no significant impact on the environment.

Upon a motion by Janice Herzog, seconded by Mike Allen, the OCIDA Board approved a resolution adopting a negative declaration for the ONX1 Inc. project located in the Town of DeWitt as an unlisted action with no significant adverse environmental impact. Motion was carried.

ULTRA DIARY LLC: PROJECT REVIEW AND PUBLIC HEARING

Donna DeSiato welcomed Nick Marsella, Jim Gosier and Ryan Elliott. She stated that this is another exciting opportunity for Central New York with a very long standing successful company and the Agency is pleased that they are here.

Nick Marsella stated that Ultra Dairy is an LLC with Byrne Dairy and they make extended shelf life dairy products. He stated that Byrne Dairy built a part of the plant in 2003 and 2004 and did an expansion in 2008-2009. He stated that what is unique about the facility is that they did a little over \$100,000,000 and 80% of the business was sold outside of New York State. He stated that because it is such a vertically integrated organization and company 65% of their input costs are from local farms. He stated that they have 278 farms they buy milk from, bring the milk into the plants, process it and then 80% of it goes outside of the State. He stated that it is really great economic development for New York State. He stated that they are looking to put in \$14,000,000 worth of equipment that will maximize the space and will be the end of the ability to put product through that plant. He stated that they want to build an additional area of about 80,000 to 100,000 square feet which will give them new opportunity for business. He stated that to do that they need the infrastructure and have to put in a substation. He stated that it is roughly a \$2,000,000 expenditure. He stated that they also have to have a pretreatment facility and right now they do their own there but it won't handle the internal equipment going in and the future expansion. He stated that they are excited about it and when Ultra Dairy opened they started with 17 employees and they have 130 now. He stated that they spun off another business of 34 people which is called Syracuse Cold Storage. He stated that the expansion will create roughly 50 jobs.

Donna DeSiato asked what types of jobs. Nick Marsella stated that they will be hiring people to run machines all the way up to the quality control people. He stated that they are pretty automated plants. He stated that they have a six figure automation engineer just making sure the robots are running right. He stated that there will be positions from entry level people \$14.00-\$15.00 an hour up to six figure automation engineer type people.

Janice Herzog stated that they get their milk from 278 farms. Nick Marsella stated that between the three plants they have 278 farms that they pick up from and the average farm is 30 miles from their plant and the furthest is 60 miles.

Mike Allen asked if the machinery is all new machinery. Nick Marsella stated yes.

Mary Beth Primo asked Mr. Marsella to explain to the Board why there is such increased demand for this type of product. Nick Marsella stated that it is extended shelf life product which they take milk, don't add any chemicals to it and use higher heat treating. He stated that they have product coming out with 140 day shelf life. He stated that they are shipping product to Puerto Rico, Washington and Oregon. He stated that the nice thing about Central New York is that they are six hours from 80,000,000 million people so there is a good cross section of people they can sell too.

Mike Allen asked what their products are. Nick Marsella stated that they do Organic Valley milks, private label milk, Smart Balance products, Byrne dairy milk in small pints with 130 day shelf life. He stated that the milk out of their plant downtown will have a 20 day shelf life and the milk you buy out of this plant would have 120 days.

Janice Herzog asked what the expansion will do for their product. Nick Marsella stated that they have had to turn some customers away so it is going to give them the ability to grow into new markets and expand their customer base. He stated that this plant they were looking at locating out West in Idaho. He stated that it could have been done out there but he stated there are great things here in New York. We have a good depth of skilled people, good water supply and good customer base. He stated that if you put out a good quality product it helps them grow. He stated that they do a lot of different private labels. He stated that they also have a pilot plant here

so they have been able to develop products for other customers. He stated that the Smart Balance products were developed in this plant and they are shipping it up and down the East coast under Smart Balance name.

Victor Ianno asked if they are now using 278 dairy farms is there enough milk available to support the expansion. Nick Marsella stated that there are 278 farms that are feeding all three of their plants. He stated that they have an ice cream plant and a fresh milk plant in Syracuse. He stated that they have really good relationships with their farms and they feel they can grow their raw milk supply organically. He stated that Byrne Dairy is not concerned about the raw milk supply.

Daniel Queri asked when they anticipate breaking ground. Nick Marsella stated that he needs to get the substation and treatment facility done right away. He stated that they have an engineer on site and plans will probably go out to bid in a couple weeks. He stated that because of the delay in making a decision on where to locate, the expansion of the building will probably happen next year.

Mike Allen asked where the equipment is made. Nick Marsella stated that they looked for the equipment in the US but a lot of the equipment for this technology is out of Europe just because they are ahead of the US. He stated that they are using Feldmeier tanks. He stated that two fillers are out of Cedar Rapids with one being \$4,000,000 and one is \$2,000,000. He stated that processing systems are from Tetra Pack and they are a Swedish Company with representation in the US.

Janice Herzog asked who their competitors are with the new processing. Nick Marsella stated that the growth in the market is roughly 15% so there is a lack of capacity. He stated that Hood, Morning Star and Dean Foods to some degree are the biggest competitors.

Janice Herzog asked if they have a similar kind of processing. Nick Marsella stated yes. Jim Gosier stated that those are expanding as well. He stated that Hood just announced they are expanding a \$78,000,000 plant in Virginia.

Janice Herzog asked if they are mostly in the Northeast. Nick Marsella stated that they bought a company out west. He stated that they are covering the whole country.

Kristi Smiley stated that the correct numbers are \$16,000,000 for building construction and \$14,000,000 for furniture, machinery and equipment.

Upon a motion by Daniel Queri, seconded by Janice Herzog, the OCIDA Board approved a resolution describing the proposed Ultra Dairy LLC project and the financial assistance the Agency may provide and authorizing a public hearing of the project. Motion was carried.

Tony Rivizzigno stated that this is a Type 1 action and OCIDA will be lead agency. He stated as lead agency we will send out letters to the other agencies that are involved. He stated that it is a coordinated review.

Upon a motion by Janice Herzog, seconded by Lisa Dell, the OCIDA Board approved a resolution declaring OCIDA as lead agency for the Ultra Dairy LLC project for SEQRA purposes. Motion was carried.

Mike Allen asked if it is only for the automated equipment because of warranty issues. He stated that it is because there are only a handful of manufacturers in the world that make this type of equipment and for warranty purposes they have to have their own people install them and train the Ultra Dairy people on them.

Mike Allen asked as far as the construction goes will they will use local companies that they have been successful with. Jim Gosier stated yes.

Upon a motion by Lisa Dell, seconded by Daniel Queri, the OCIDA Board approved a resolution waiving the Agency's Local Access Policy for the installation of an automated material handling equipment. Motion was carried.

Donna DeSiato thanked the Ultra Dairy representatives on behalf of OCIDA. She asked them to thank all those associated with Byrne Dairy and Ultra Dairy for believing that Central New York is the right place with the human, natural and environmental resources that can benefit and grow

a company such as this one into an even higher productivity than they already have. She stated that the Agency is really pleased.

Mary Beth Primo stated that she received a letter from the National Electrical Contractors Association voicing its displeasure about the Agrana waiver of the local labor.

Donna DeSiato stated that perhaps the best answer would be to acknowledge the letter and explain all the things that were discussed at that meeting.

Upon a motion by Daniel Queri, seconded by Mike Allen, the OCIDA Board adjourned the meeting at 3:58 pm. Motion was carried.


Kristi Smiley, Secretary