

Onondaga County Industrial Development Agency  
Regular Meeting Minutes  
January 6, 2015

The regular meeting of the Onondaga County Industrial Development Agency was held on Tuesday, January 6, 2015 at the 333 West Washington Street, Syracuse, New York in the large conference room on the first floor.

Chairperson Daniel Queri called the meeting to order at 8:00 am with the following:

PRESENT:

Daniel Queri  
Patrick Hogan  
Janice Herzog  
Victor Ianno  
Lisa Dell  
Steve Morgan

ABSENT:

Jessica Crawford

ALSO PRESENT:

Julie Cerio, Office of Economic Development  
Honora Spillane, OCIDA, Secretary & Treasurer  
Linda McShane, Office of Economic Development  
Karen Doster, Recording Secretary  
Tony Rivizzigno, Gilberti Law Firm  
Kristi Smiley, Onondaga County  
Al Barbagallo, Barbagallo's Sleep Inn  
Brad Zimmer, Barbagallo's Sleep Inn  
Brandon Bogart, SBB Inc.  
Terri Roney, Bousquet Holstein  
John O'Brien, 6006 Fair Lakes Drive LLC  
James Mahaney, Onondaga County Legislature

OFFICER APPOINTMENT

Upon a motion by Lisa Dell, seconded by Pat Hogan, the OCIDA Board approved a resolution approving Honora Spillane as Secretary, Treasurer and Public Hearing Officer. Motion was carried.

APPROVAL OF REGULAR MEETING MINUTES – OCTOBER 7, 2014

Upon a motion by Patrick Hogan, seconded by Steve Morgan, the OCIDA Board approved the regular minutes of October 7, 2014. Motion was carried.

## TREASURER'S REPORT

Honora Spillane gave a brief review of the Treasurer's Report for the month of December 2014.

Upon a motion by Lisa Dell, seconded by Victor Ianno, the OCIDA Board approved the Treasurer's Report for the month of December 2014. Motion was carried.

## PAYMENT OF BILLS – SCHEDULE #379

Honora Spillane gave a brief review of the OCIDA Payment of Bills Schedule #379.

Upon a motion by Victor Ianno, seconded by Lisa Dell, the OCIDA Board approved the Payment of Bills, Schedule #379 with General Expenses being \$64,061.51. Motion was carried.

## CONFLICT OF INTEREST DISCLOSURE

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

## BARBAGALLO'S SLEEP INN – PROJECT REVIEW AND PUBLIC HEARING

Al Barbagallo stated that Barbagallo's Restaurant opened in 1972 and incorporated in 1979. He stated that they are attempting to build a hotel which he has been working on for the past 5 years. He stated that the brand is a Choice Hotel and will be a Sleep Inn. He stated that it is going to be three stories with 54 rooms and connected to the restaurant. He stated that there will be two hallways coming from the hotel into the restaurant and they are going to create a court yard between the restaurant and the hotel.

Daniel Queri asked Mr. Barbagallo to speak more about the hotel as far as is it an extended stay, the rooms, demographics and who is potential occupant. He stated that the IDA has certain criteria that need to be met in order for the Board to consider. He stated that it is really the draw where the folks are coming from and outside the six county region. Al Barbagallo stated that Choice Hotel furnished them with a study done with 5 Choice Hotels located in Syracuse. Brad Zimmer stated that it is an IHG property which means Holiday Inn. Al Barbagallo stated that the study shows that

the average guest is coming from 326 miles away at those hotels here in Syracuse. He stated that they know that they are not going to be any different than those hotels and they are going to get people from that distance.

Daniel Queri stated that the study they looked at has been distributed as Choice Hotels produced document that speaks to where the draw is coming from and how they anticipate where the guests are coming from. Al Barbagallo stated that they do a lot of weddings at the restaurant and he feels that once they build a hotel the wedding business will increase. He stated that brides book between 15 and 20 rooms per wedding.

Lisa Dell asked if the biggest banquets are weddings. Al Barbagallo stated no. He stated that they do about 15-20 weddings per year out of 400 functions.

Daniel Queri asked if the other 80% are corporate or personal. Al Barbagallo stated that it is mixed.

Honora Spillane stated that there are a number of other businesses over there. Al Barbagallo stated that looking at demographics, route 90 goes east and west and there are 24 hotels south of 90 but they will be the first hotel north of 90.

Victor Ianno stated that 54 rooms are being built with 2 bridal suites and asked if all the rest will be one and two bedroom. Al Barbagallo stated that it will be mixed up.

Pat Hogan asked Al Barbagallo how long he has been there. Al Barbagallo stated 42 years.

Pat Hogan stated that Barbagallo's has been an anchor there for years.

Janice Herzog stated that there will be other hotels built in the area and asked if that has been taken into consideration. Al Barbagallo stated that he has taken it into consideration. He stated that he feels that the hotels in Syracuse are going to double in the next 10 years.

Steve Morgan stated that on the application Peter Barbagallo is at 24%. Al Barbagallo stated that Peter is his brother. He stated that his dad gifted over his half to his two brothers who worked in the business from the day they opened and gave him 1%. He stated that his brother died and he bought his shares so he owns 75.5%.



Janice Herzog asked if Choice Hotel will be running the hotel and asked what the relationship is with managing the hotel. Al Barbagallo stated that he has to pay the Choice Hotel 8.5% every year. He stated that 4.5% goes toward the franchise and 4% goes advertising. Brad Zimmer stated that the brand will mandate that he has a management company run the operation.

Janice Herzog asked if there is failures in any respect will Choice Hotel back up funding. Brad Zimmer stated that it is in Choice Hotel's best interest to make sure this succeeds.

Janice Herzog stated that if they are not getting the bookings that they imagined, Mr. Barbagallo is not the sole person responsible. Al Barbagallo stated yes.

Victor Ianno asked what the room rate will be. Al Barbagallo stated that the thought for the room rate will be between \$89 and \$139.00.

Upon a motion by Pat Hogan, seconded by Victor Ianno, the OCIDA Board approved a resolution describing the proposed project and the financial assistance the Agency may provide and authorizing a public hearing for the Barbagallo's Sleep Inn project. Motion was carried.

Upon a motion by Lisa Dell, seconded by Victor Ianno, the OCIDA Board approved a resolution authorizing the execution of the Agent Agreement outlining the responsibilities of the Developer and Agency for the Barbagallo's Sleep Inn Project. Motion was carried.

Daniel Queri asked when the public hearing will be held. Honora Spillane stated that she will schedule it today so it will be in the next few weeks.

#### 7643 EDGECOMB DRIVE INC. – PROJECT REVIEW AND PUBLIC HEARING

Brandon Bogart stated that SBB, Inc. is another home grown Syracuse entity and has been around since 2000. He stated that it is a company that specializes in clean rooms and is unique around the country and the world in that they have a fully vertically integrated system for supply and clean rooms which means they design and engineer. He stated that they manufacture the parts which are the main part of what they do in Syracuse. He stated that around North America they install and

build the clean rooms and go as far as to certify them. He stated that the company was founded in 2000 by ex-Carrier people when Carrier downsized. He stated that SBB has made cleanrooms for NASA and a lot of different specialty projects like that. He stated that now SBB has migrated into specializing in pharmaceutical manufacturing so where they make drugs and trying to keep them safe by keeping all contaminants out while drugs are being made. He stated that in 2012 SBB formed a partnership with a German Company called Daldrop, a worldwide leader in pharmaceutical manufacturing plants. He stated that they have a unique place in the world where they provide a whole kit for the pharmaceutical manufacturers to have a cleanroom to do that. He stated that SBB partnered to be the distribution and installation for these Daldrop kits in North America. He stated that what they used to make in Germany, they are now starting to make in the United States. He stated that since 2012 they have had some explosive growth and are four times bigger than they were 3 years ago. He stated that they have acquired a couple of struggling local companies to enhance the manufacturing capability. He stated that the purpose of the 7643 Edgecomb Drive is to give them the space that is big enough to accomplish what they are doing already and also for future growth in the pipeline already. He stated that they are going to take the combined entities, themselves and the two local companies that they purchased, combine them under one roof, expand their manufacturer of the German components, expand the manufacturing of the components they already make and to continue to grow.

Julie Cerio stated that she took a tour of the facility in the summer and they desperately need more space. She stated that what they are doing is fascinating work and they have great minds coming up with coming up with unique technology to solve problems that you don't even know exist.

Steve Morgan asked how many cleanrooms a year SBB makes. Brandon Bogart stated that there are two ways that the company goes and one is the complete projects where they do everything including design, engineer, build, install and certify. He stated that right now they do about 5 projects a year with that and range big in size. He stated that last year that part of the business quadrupled and they expect close to that again. He stated that other side is that they provide just individual products to all sorts of cleanroom projects around the world. He stated that is more of their job specific side of things.

Steve Morgan asked if it is like a fabrication shop. Brandon Bogart agreed.



Lisa Dell asked if they have a lot of competitors. Brandon Bogart stated that they have competitors in different ways. He stated that with the complete cleanroom pharmaceutical package there are a few and are very large. He stated that on the products there is more and depends on which products.

Daniel Queri asked how many employees they currently have. Brandon Bogart stated that currently they have 37 employees in New York.

Daniel Queri asked how many employees they will have with this project and the acquisition. Brandon Bogart stated that they will go up to 40 in New York and expect to double in the next three years.

Daniel Queri asked what the technical skill set is of the core of the employees. Brandon Bogart stated that they are heavily engineering. He stated that they have very technical staff on their assembly and fabrication side of things. He stated that their internal minimum wage is \$15.

Daniel Queri asked where the employees are getting their training from. Brandon Bogart stated that most of them have been trained in the HVAC industry. He stated that lately they have been bringing in college graduates. He stated that they are headed to the job fair Wednesday to see some of the other local talents that are graduating.

Pat Hogan asked if the \$15 an hour includes benefits. Brandon Bogart stated that yes. He stated that the company pays 75% of health care and have 401K packages.

Pat Hogan asked if the design and engineering people work here too. Brandon Bogart stated yes.

Pat Hogan stated that he mentioned New York State employees. Brandon Bogart stated that they have an office outside of Boston who does sales and installation with 11 people.

Steve Morgan asked if Syracuse is the hub or the center. Brandon Bogart stated yes and they are a New York State company with 80% of employees in New York. He stated that the manufacturing growth and the heart of their growth are here in Syracuse. He stated that the building is the former Edgecomb Steel building. He stated that it is a standalone facility and there is enough room for them to build a demonstration cleanroom in it. He stated that they are going to bring major top

executives to their sample cleanroom from around the world to see these highly specialized sterilization chambers.

Janice Herzog stated that it was mentioned that some of the sales force is in Boston. Brandon Bogart stated that the sales force has been largely out of Boston. He stated that the new acquisition of the 3<sup>rd</sup> company they have a built in sales force so they are going to be the product sales force and the package sales force is going to stay out of Boston.

Janice Herzog asked if the figures in the application are from this area. Brandon Bogart stated that the numbers are Syracuse area specific.

Janice Herzog asked with the anticipated growth do they think they would be acquired or bought out by one of the competitors. Brandon Bogart stated that they are positioning themselves to not do that and the partnership with the German company is a long term where they need a North American partner that can deliver on their product.

Pat Hogan asked how they are financing. Brandon Bogart stated that right now it is through their own cash flows and the owners' equity. He stated that for the building they are working with local banks with four bidding on the package. He stated that NYBDC is the development piece.

Pat Hogan asked what happens to the sites they are leaving. Brandon Bogart stated that SVB is in an old Carrier Building and he has heard that the neighbors want to take over the spot, Custom Sheet Metal property has been acquired for expansion of a cemetery and New Climate property has half the spaced leased.

Daniel Queri asked if the New Climate employees will be coming over. Brandon Bogart stated yes and is key that they all sign on.

Steve Morgan asked what the time table of the project. Brandon Bogart stated about six months ago. Honora Spillane stated that they are waiting for the Regional Council Award to come through and that backs up the process because you have to get State approval before they can move forward. Brandon Bogart stated that the property has been under contract since late August and they have been waiting for the announcement of the ESD piece.



Pat Hogan asked if they do any work with Global Foundries. Honora Spillane stated that is the CNSE part. Brandon Bogart stated that Global Foundries worked closely with CNSE. He stated that as Global Foundries expands they hope to be a part of it.

Steve Morgan asked if they do any work with Tessy or Welch Allyn. Brandon Bogart stated that they have not worked with Welch Allyn or Tessy. He stated that they both have general contractors that have taken the cleanroom side of things.

Victor Ianno stated that SVB is a holding company and asked if they are all local principles. Brandon Bogart stated that there were three founders, two in Syracuse and one in Boston.

Upon a motion by Janice Herzog, seconded by Steve Morgan, the OCIDA Board approved a resolution describing the proposed 7643 Edgecomb Drive, Inc. project and the financial assistance the Agency may provide and authorizing a public hearing for the project. Motion was carried.

Upon a motion by Lisa Dell, seconded by Janice Herzog, the OCIDA Board approved a resolution authorizing the execution of the Agency Agreement outlining the responsibilities of the Developer and Agency for the 7643 Edgecomb Drive, Inc. Motion was carried.

#### 6006 FAIR LAKES DRIVE – LOCAL ACCESS WAIVER

John O'Brien stated that 6006 Fair Lakes Drive is asking for a waiver for the pool installer not to be in the five county area. He stated that Hilton Homewood Suites' standard is that every major hotel brand standard is for a gunnite installed pool which is a specialty. He stated that there are no installers in the five county area. He stated that they have called many pool companies and they have all said to go to Design Pool and Spa. He stated that he asked the landscape architects and they don't know of anyone in the five county area. He stated that they advertised in newspapers in 10 counties for about two weeks. He stated that the talent just isn't here.

Janice Herzog asked how much it costs to build a gunnite pool. John O'Brien stated that for a complete installation without a hot tub it is about \$75,000 and add \$15,000 for a hot tub.



Upon a motion by Victor Ianno, seconded by Janice Herzog, the OCIDA Board approved a resolution waiving the Agency's local access policy for the purchase and installation of a gunnite pool. Motion was carried.

Daniel Queri asked how they are coming along with the rest of the project. John O'Brien stated that it is coming along good. He stated that 70% of first floor is framed.

Dan Queri asked when projected opening is. John O'Brien stated that assuming the weather stays reasonable he thinks they will open in August.

Upon a motion by Steve Morgan, seconded by Lisa Dell, the OCIDA Board adjourned the meeting at 8:59 am. Motion was carried.



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Honora Spillane, Secretary