

Onondaga County Industrial Development Agency
Regular Meeting Minutes
July 14, 2015

The regular meeting of the Onondaga County Industrial Development Agency was held on Tuesday, July 14, 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
Jessica Crawford
Victor Ianno
Patrick Hogan
Janice Herzog
Steve Morgan

DELAYED:

Lisa Dell

ALSO PRESENT:

Julie Cerio, Executive Director
Honora Spillane, OCIDA, Secretary & Treasurer
Karen Doster, Recording Secretary
Steven Coker, Office of Economic Development
Tony Riviziggnio, Gilberti Law Firm
Kevin Morgan, Morgan Management
Todd Morgan, Morgan Management
Jeff Murray, Carpenters 277
Sara Wisniewski, Gilberti Law Firm
Nick Kapteyn, CNY Business Journal

APPROVAL OF REGULAR MEETING MINUTES – JUNE 9, 2015

Upon a motion by Victor Ianno, seconded by Steve Morgan, the OCIDA Board approved the regular meeting minutes of June 9, 2015. Motion was carried.

APPROVAL OF SPECIAL MEETING MINUTES – JULY 6, 2015

Upon a motion by Victor Ianno, seconded by Pat Hogan, the OCIDA Board approved the special meeting minutes of June 9, 2015. Motion was carried.

TREASURER’S REPORT

Honora Spillane gave a brief review of the Treasurer’s Report for the month of June 2015.

Upon a motion by Jessica Crawford, seconded by Janice Herzog, the OCIDA Board approved the Treasurer’s Report for the month of June 2015. Motion was carried.

PAYMENT OF BILLS

Honora Spillane gave a brief review of the Payment of Bills Schedule # 385.

Upon a motion by Victor Ianno, seconded by Steve Morgan, the OCIDA Board approved the Payment of Bills Schedule #385 for \$90,026.79 for General Expenses. Motion was carried.

CONFLICT OF INTEREST DISCLOSURE

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

MORGAN B’VILLE APARTMENTS, LLC

Kevin Morgan stated that Morgan Management is an apartment developer out of Rochester. He stated that the project is 442 apartments with the 1st phase being 234 apartments. He stated that the site was the former Tri-County Mall in the Village of Baldwinsville and since buying the property the building was torn down. He stated that they have applied for a sales and mortgage tax exemption and PILOT.

(Lisa Dell arrived at meeting.)

Daniel Queri asked how long ago they acquired the property. Kevin Morgan stated that they have owned it since last summer.

Daniel Queri asked if they commenced with demolition work. Kevin Morgan stated yes and the former Tri-County mall is gone. He stated that they abated all asbestos prior to tearing it down and they have been working on approvals, design and financing which is ready to go.

Daniel Queri asked Mr. Morgan to talk about the units, bedrooms, rent rates and demographics of who they market to. Kevin Morgan stated that the buildings are 3 stories with an elevator. He stated that they will have a club house, pool, fitness center and business center on site. He stated that there will be 1, 2 and 3 bedroom apartments and each building will have 2 3-bedroom units and a mix between 1 and 2 bedrooms. He stated that rents range from \$800 for a 1 bedroom up to \$1,500 for a 3 bedroom with attached garage. He stated that they built similar product in Clay and they have a full range of demographics from young professionals, young families to empty nesters.

Victor Ianno asked if the Clay apartments are fully rented. Kevin Morgan stated that they are 98% occupied and are never 100% occupied because of turnover. He stated that it is doing very well.

Daniel Queri asked if it is a similar modal. Kevin Morgan stated that it is a very similar building. He stated that every time they build a new project they learn a little bit from the last one. He stated that these units are a little bigger with better layouts. He stated that each building will have 12 garages and there will be detached garages as well.

Steve Morgan asked how many buildings. Kevin Morgan stated that there are 442 apartments with 26 units in each building. Honora Spillane stated that there are 17.

Jessica Crawford asked if it will be ready to rent by next spring. Kevin Morgan stated yes.

Jessica Crawford asked if it is just Phase 1 or Phase 1 and 2. Kevin Morgan stated that the first buildings will come online next spring if they start in the next couple weeks and it takes about 9 months to build.

Daniel Queri asked what drives their phasing. Kevin Morgan stated that it is essentially lending. He stated that the first phase will be 234 apartments. He stated that when they complete phase 1 they will already be working on phase 2.

Daniel Queri asked if there are any improvements they will have to do. Kevin Morgan stated that they went through the Village Planning Board process and traffic was not an issue. He stated that the County was fine with everything as well.

Patrick Hogan asked if all the local officials are on board. Kevin Morgan stated yes.

Patrick Hogan asked if this is a standard PILOT. Honora Spillane stated yes and will probably be a 10 year.

Daniel Queri asked Honora Spillane to explain how the project potentially qualifies for a PILOT. Honora Spillane stated that it falls under our commercial authority under the GML. She stated that it is helping people find affordable housing in communities where they live and work.

Daniel Queri asked if Morgan Management will manage this project. Kevin Morgan stated yes and they own and manage all of their properties.

Daniel Queri stated that Morgan Management is the same group doing the apartments out at Township 5. Kevin Morgan agreed and said they are working on a new project in Fayetteville.

Upon a motion by Victor Ianno, seconded by Lisa Dell, the OCIDA Board approved a resolution describing the proposed Morgan B'Ville Apartments, LLC 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 Janice Herzog, the OCIDA Board approved a resolution authorizing the execution of the Agent Agreement outline the responsibilities of the Developer and Agency for the Morgan B'Ville Apartments, LLC project.

GA GRAUN CLOSING RESOLUTIONS

Tony Rivizzigno stated that this is a little more detail than normal because it is bonding. He stated that they are working on resolving the bond rates with the bank.

Upon a motion by Lisa Dell, seconded by Victor Ianno, the OCIDA Board approved a resolution determining the action to undertake a commercial project for GA Braun, Inc. is a Type 1 action under SEQRA. Motion was carried.

Upon a motion by Jessica Crawford, seconded by Steve Morgan, the OCIDA Board approved a resolution taking preliminary official action toward acquiring, constructing and installing a certain commercial project for GA Braun. Motion was carried.

Upon a motion by Lisa Dell, seconded by Victor Ianno, the OCIDA Board approved a resolution authorizing the execution and delivery of certain transaction documents with respect to the GA Braun, Inc. Project. Motion was carried.

Tony Rivizzigno stated that there is a PILOT agreement that is agreeable to us and them. He stated that they are requesting this because it helps going to the bank with what the taxes will be.

Upon a motion by Lisa Dell, seconded by Steve Morgan, the OCIDA Board approved a resolution authorizing the terms, execution and delivery of a certain payment in lieu of tax agreement related to the GA Braun, Inc. project. Motion was carried.

FINGER LAKES RAILWAY CORP LEASE EXTENSION

Julie Cerio stated that 20 years ago there was a PILOT negotiation with Finger Lakes Railway that was a 30 year PILOT negotiation and at 20 years which is this year there was ability for the 5 counties (Seneca, Onondaga, Cayuga, Yates and Schuyler) to renegotiate the terms if we gave them notice. She stated that the 5 counties wanted to look at things and see where we stood now. She stated 20 years ago the railroad was suffering and need help. She stated that it has turned around and making a significant amount of money. She stated that a lot of what they did back then is not what we do now. She stated that we want to clean up the language and the amount of insurance that we have to protect ourselves doesn't meet what we do today. She stated that renegotiating has been problematic so additional time is needed to work out the details.

Victor Ianno asked if we own the land and lease it to Finger Lakes Railway. Julie Cerio stated yes we own little pieces of land and of the 5 counties involved OCIDA owns the least amount but are

the biggest county. She stated that we are trying to negotiate together because we have stronger power together. She stated that we are using Harris Beach because the other IDAs are using them and using one counsel may reduce fees. She stated that part of the request today is to allow us to use separate counsel and Tony Rivizzigno is ok with it.

Victor Ianno asked how long it will go if it is successfully negotiated. Julie Cerio stated that it will go 10 years then it reverts back to the railroad and back on the tax rolls.

Julie Cerio stated that she is requesting the Agency agree to additional time to work out the terms.

Upon a motion by Victor Ianno, seconded by Lisa Dell, the OCIDA Board approved a resolution appointing Harris Beach PLLC as special counsel regarding the Finger Lakes Rail Corp lease agreement. Motion was carried.

Upon a motion by Lisa Dell, seconded by Jessica Crawford, the OCIDA Board approved a resolution authorizing the Tolling, along with the execution by the Executive Director of a Tolling Agreement to memorialize same, the term of which shall be finalized by the Executive Director and Harris Beach, PLLC as special counsel to the Agency regarding this lease. Motion was carried.

800 HIAWATHA BOULEVARD DISCUSSION

Tony Rivizzigno stated that he doesn't have an estimate yet. He stated that they talked to counsel and they are still in the investigative stages. He stated that as he gets answers he will send it to the board.

Patrick Hogan asked if the letter was sent and if so how was it received. Tony Rivizzigno stated that the letter was sent and it was well received.

435 AND 437 NORTH SALINA PROJECT UPDATE

Honora Spillane stated that she and Tony Rivizzigno met with OCC and they are looking at the draft lease terms for 435. She stated that they discussed acquiring both parcels and potentially

equipment in 435 but the Department of Labor Grant Administrator is more comfortable using Department of Labor grant money to purchasing the equipment rather than on fixing up the building. She asked if the Board would agree to up to \$200,000 but for renovations on 435.

Tony Rivizzigno stated that negotiations are going on now with the owner of the equipment. He stated that he has a different opinion of what the equipment is worth.

Honora Spillane stated that a certified equipment appraiser is going in to give a realistic estimate of it's worth.

Steve Morgan asked for the timeframe on this project. Honora Spillane stated that the closing with the Land Bank is scheduled for the end of July and it can be extended if needed. She stated that OCC would like to get in there as soon as possible.

Steve Morgan stated that he thought the students are doing the work. Honora Spillane stated that the students are not doing the construction work and is being done by professionals but there may be student advising.

Daniel Queri stated that there are 2 separate contracts for 435 and 437. He stated that OCC is going to occupy 435. He stated that 437 is a building that doesn't have a tenant lined up for it and it is acquisition of a vacant building not for OCC's use. Honora Spillane agreed.

Jessica Crawford asked why are we are doing it. Honora Spillane stated that Work Train, CenterState, OCC and North Side Up saw 437 as a strategic building for programs they are developing through CFA and URI money. She stated CenterState and Work Train think they can get incubation space going.

Jessica Crawford asked if we would be redeveloping it. Honora Spillane stated that we are acquiring it but would not be on the hook for renovation.

Jessica Crawford asked if we will be landlord. Honora Spillane stated yes and said it would be a similar structure.

Jessica Crawford asked if we are confident that it's going to be occupied. Honora Spillane stated that she is extremely confident that Work Train is going to use it for incubation space.

Jessica Crawford asked if there is a contract in place yet. Honora Spillane stated that there is not yet and we probably won't have one for the next two weeks because people are out of town but she is confident with what we have.

Patrick Hogan asked what the square footage is of 437. Julie Cerio stated that it is about the same size as the restaurant.

Victor Ianno asked if they are paying us rent. Honora Spillane stated yes and it would be a similar structure. She stated that 437 came up the same time as 435 so they figured they would make the move and as things develop we are in a position to assist.

Victor Ianno asked what we are buying it for. Tony Rivizzingo stated that one was \$99,000 and the other was \$49,000.

Victor Ianno asked once we buy and absent anyone coming forward to use it, will we let it sit their vacant or will we put more money into it. Honora Spillane stated that she doesn't anticipate putting a lot of money into it but the partners on this are out of town and she would rather them speak to their plans.

Julie Cerio stated that the according to the Attorney General, the Agency cannot do much except for buying and giving sales and mortgage tax. She stated that we take in money for projects we do and we can't spend it except to purchase things. She stated that we are either sit with our money or we need to change doing things a little bit. She stated that we are working with good partners with good reputations and this has been in the process for a long time.

Daniel Queri stated that the contract can be pushed out. He stated that he thinks that what everyone is saying is that before acquiring 437 similarly with 435, we would like to know that there is a business deal in place and a closing. Honora Spillane agreed.

Jessica Crawford asked what the additional money for 437 is going to be used for. Honora Spillane stated that the building needs a significant amount of work.

Jessica Crawford stated that she is curious what the additional grant money is going to be used for. Honora Spillane stated that she thinks Work Train has operational money and they are looking for capital money for incubation space.

Patrick Hogan asked who would lease the building from the Agency. Honora Spillane stated that she is not sure if it would be North Side Up or one of the CenterState affiliates.

Victor Ianno asked if we can walk away absent these other people coming through. Tony Rivizzigno stated pretty much yes.

Daniel Queri stated that we will hold off on the closing of 437 until we know there is a business deal in place and the Board understands everything.

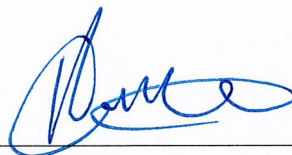
Daniel Queri asked Tony Rivizzigno to highlight the business terms of the OCC lease. Tony Rivizzigno stated that the lease is 5 years and the rent is about \$1,600 a month. He stated that after 5 years there are two 5 year options where 6 months' notice is required if they want to renew for another 5 years and at the end of that 5 years there is a similar option. He stated that there is very little we do as a landlord. He stated that we have insurance on the building and we don't pay the utilities or the special district taxes.

Steve Morgan asked about the upkeep on the building. Tony Rivizzigno stated that the tenant will pay for it. Daniel Queri stated that the lease is very strong. He stated that we will get our money back in acquisition and we are investing in that property.

Steve Morgan asked why OCC wouldn't just buy the property. Honora Spillane stated that they were going to buy the property but they have a \$2.5 million grant for a program, a manufacturing program and an agri-business workforce development program. She stated that they could use the money to buy and spend the grant money and we would not be able to assist them. She stated that in this case we are freeing up some of their capital at the front so they can do more programming where we would not be able to assist.

Tony Rivizzigno stated that the grant money is very restricted. He stated that this gives them a little more flexibility in terms of their cash flow.

Upon a motion by Jessica Crawford, seconded by Janice Herzog, the OCIDA Board adjourned the meeting at 8:37 am. Motion was carried.



Honora Spillane, Secretary