

Onondaga County Industrial Development Agency
Regular Meeting Minutes
March 8, 2016

The regular meeting of the Onondaga County Industrial Development Agency was held on Tuesday, March 8, 2016 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 8:05 am with the following:

PRESENT:

Daniel Queri
Patrick Hogan
Janice Herzog
Susan Stanczyk

ABSENT

Victor Ianno
Steve Morgan
Jessica Crawford

ALSO PRESENT:

Julie Cerio, OCIDA, Executive Director
Honora Spillane, Secretary & Treasurer
Isabelle Harris, Office of Economic Development
Steve Coker, Office of Economic Development
Karen Doster, Recording Secretary, Agency
Tony Rivizzigno, Gilberti Law Firm
Barry Carrigan, Nixon Peabody
Matt Maude, Resort Lifestyle Communities
Jim Breuer, Hueber Bruer Construction, Co.
David Aitken, Destiny USA Real Estate, LLC
Robert Smith, Destiny USA Real Estate, LLC
Fred Swayze, Carpenters Union
Greg Evans, Bonadio Group
Keeley Ann Hines, Bonadio Group
Sara Wisniewski, Gilberti Law Firm
Joe Porter
Aggie Lane
Barry Lentz

APPROVAL OF REGULAR MEETING MINUTES – FEBRUARY 9, 2016

Upon a motion by Susan Stanczyk, seconded by Patrick Hogan, the OCIDA Board approved the regular meeting minutes of February 9, 2016. Motion was carried.

TREASURER'S REPORT

Honora Spillane gave a brief review of the Treasurer's Report for the month of February 2016.

Upon a motion by Janice Herzog, seconded by Patrick Hogan, the OCIDA Board approved the Treasurer's Report for the month of February 2016. Motion was carried.

PAYMENT OF BILLS

Honora Spillane gave a brief review of the Payment of Bills Schedule #392.

Upon a motion by Janice Herzog, seconded by Susan Stanczyk, the OCIDA Board approved the Payment of Bills Schedule #393 for \$18,365.80. Motion was carried.

CONFLICT OF INTEREST DISCLOSURE

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

TOWNE CENTER RETIREMENT COMMUNITY

Matt Maude stated Hueber Breuer is doing the site work which is underway. He stated they are seeking approval for their application for a PILOT, mortgage and sales tax exemption. He stated the project continues to move forward and M & T Bank is providing the financing.

Daniel Queri asked about the public hearing. Honora Spillane stated a public hearing was held last week in the Town of Manlius and there were about a dozen people in attendance. She stated as the Board saw from the transcript that went out as well as the additional written comments there is a feeling in the town against offering a PILOT for this project of this nature.

Daniel Queri stated approval authorizes a public hearing and to enter into an Agent Agreement. He stated it then allows the opportunity to have discussion with the applicant about the benefits they are seeking. He stated in this instance there is the PILOT, the sales tax and mortgage recording exemption.

Dan Queri asked if the 485 program was looked at. Honora Spillane state yes and the 485b program is an as of right program offered by NYS so if you qualify under the terms of that program a developer can opt into that. She stated the catch on 485b is every taxing jurisdiction has to opt in in order for the benefits to trickle through their particular portion of property taxes so the County has opted in, the Town of Manlius opted in but the FM school district has not opted in which is often the biggest property tax burden. Julie Cerio stated under this particular project this kind of facility does not qualify for the 485b because it is a living facility and will not qualify for the 485b for the Town or the school district taxes.

Patrick Hogan stated he talked a town councilor that spoke at the hearing. He stated being a former elected local official he can't support a PILOT but sales tax or recording tax he could support.

Julie Cerio stated we can break the resolution down into 3 pieces if the Board wants to vote on each separately. Daniel Queri stated he thinks that makes since if we could modify the resolution to vote on the sales tax, vote on the mortgage tax and vote on the PILOT.

Patrick Hogan stated his understanding is they would assure local labor under our jurisdiction for this project if they were to accept sales and mortgage tax exemption. Tony Rivizzigno stated yes.

Daniel Queri stated regardless of our approval it's up to the applicant to decide whether they are going to opt into the program or not. Honora Spillane stated yes. Tony Rivizzigno stated the resolution today is just authorization. He stated they will have time between now and then to decide whether they want to do it or not. He stated if they do it they will have to abide by the rules of using local labor.

Patrick Hogan asked if the project representatives want to speak to this. Matt Maude stated Mr. Hogan said after the public hearing he had a visit with a person who was opposed that was also a representative. Patrick Hogan stated he was opposed from the beginning when it was presented but

he received the minutes and called the town councilor to discuss the issue. He stated it is a prevailing attitude among many of the town and village officials in this town. He stated his understanding is the company is expanding so much they have a template of bringing people but sometimes are open to using local labor in their facilities. Matt Maude stated their operating standard model is 70% of their building is built by 7 different subs and they follow them around the country. He stated there are a couple that will follow them on based on the north-south footprint and a couple of others on an east-west footprint. He stated the other 30% is routinely local labor. He stated where the opportunity presents itself and candidly where there are economic inducements to using local labor they are glad to do it. He stated coming into town and nobody knows them, there are subs who routinely increase prices because they are hopeful they are going to get paid but they don't know have the experience. He stated the biggest thing they find is economic incentives offset some of the additional costs but it is hard to compensate loss of efficiency they get. He stated they are training new people on a complicated building versus the existing subs who know what is happening. He stated it saves them 60 to 120 days and with \$25 million project costs it's a sizable carry. He stated as they get into the discussion about the PILOT, he had a direct question and he gave a direct answer without giving any other context. He stated with the level of property taxes of NYS and the County it has an adverse impact on the financing for the project and because the taxes are so high it reduces some of the other economic attractiveness. He stated in the event the Board goes forward and declines approval for the PILOT, does it impact the project, yes. He stated does it impact their decision to actually continue going forward, it does not. He stated he was truthful. He stated he gave an honest answer and it is unfortunate to possibly risk being penalized from a program for simply being forthright. He stated his hope remains that the Board will vote in favor of approval. He stated he appreciates everybody's time and consideration and whatever the Board votes they are glad to be here.

Jim Breuer stated the question always arises what is the value of the local labor and what is the value of the materials that will be purchased on the building. He stated they have been working with Matt Maude to identify the costs if elected to use all local labor and local materials. He stated he submitted letters from vendors or subcontractors that would be involved and each one identified the value of their labor. He stated normally the Board hears the total and this is broken down by various sections. He stated Resort Lifestyles has national vendor contracts for a lot of their materials and it would be a very large material purchase by local vendors if they go that route. He stated he thought it was important to identify both. He stated the local impact if it is done 100%

with both local labor and local materials is approaching \$18 million which is a significant amount of expenditure in our community.

Daniel Queri stated the question was asked if the applicant wanted to enter into an agreement, with however the result of the vote, that local labor policy applies. Matt Maude agreed.

Upon a motion by Susan Stanczyk, seconded by Janice Herzog, the OCIDA Board approved a resolution to provide mortgage recording tax exemption for the proposed Towne Center Retirement Community project. Motion was carried.

Upon a motion by Susan Stanczyk, seconded by Janice Herzog, the OCIDA Board approved a resolution to provide sales and use tax exemption for the proposed Towne Center Retirement Community Project. Motion was carried.

Janice Herzog made a motion for a vote on the PILOT. There was no second and the request for a PILOT was denied.

Upon a motion by Patrick Hogan, seconded by Susan Stanczyk, the OCIDA Board approved a resolution for SEQRA purposes determining that the Towne Center Retirement Community project will not have a significant effect on the environment and requires no further environmental review. Motion was carried.

Upon a motion by Janice Herzog, seconded by Susan Stanczyk, the OCIDA Board approved a inducement resolution of the Board for a straight lease transaction for the Towne Center Retirement Community project consisting of the development of manufacturing space in the Town of Manlius. Motion was carried.

Upon a motion by Janice Herzog, seconded by Susan Stanczyk, the OCIDA Board approved a resolution of the Board authorizing the execution and delivery of closing documents. Motion was carried.

TESSY PLASTICS

Daniel Queri stated Tessy Plastics continues to give confidence where they are with their project and being able to resolve an issue. Julie Cerio stated the final decision will be made with the budget.

Susan Stanczyk asked if it would be an option to do a memorialization resolution urging our State representatives to consider. Honora Spillane stated it is all part of the budget negotiation but typically we don't advocate for a project like that.

Upon a motion by Susan Stanczyk, seconded by Janice Herzog, the OCIDA Board approved a resolution authorizing the terms, execution and delivery of a certain payment in lieu of tax agreement related to the Tessy Plastics Corporation project. Motion was carried.

AMERICAN GRANBY

Honora Spillane stated the project description is from the original project in 2005. She stated they developed a project in the Town of Clay and have been in operation since 2005 when they first came to the IDA. She stated at this time their PILOT term is expiring and they are considering an expansion. She stated they are going to terminate their PILOT agreement with OCIDA and work with the Town on the assessment for the expansion.

Upon a motion by Janice Herzog, seconded by Patrick Hogan, the OCIDA Board approved a resolution authorizing the termination of the American Granby project. Motion was carried.

DESTINY USA REAL ESTATE, LLC

Daniel Queri stated that he has to recuse himself from this conversation along with Tony Rivizzigno and Patrick Hogan will chair.

Julie Cerio stated we have a problem with a quorum so we are going to hear from the company today but the Board cannot vote. Barry Carrigan will let the Board know what their options.

Barry Carrigan stated the vote is not going to happen on this transaction today but back in March 2014 there was a project overview resolution passed. He stated in the meantime the Agency entered into an Agent Agreement that among other things apprised Nixon Peabody to be special counsel but also allowed the Board to take actions necessary to do certain preliminary investigative measures which will include scheduling a public hearing for the project. He stated after the public hearing had been published and held, then the Board would consider SEQR and authorizing resolutions.

Julie Cerio stated generally we have a resolution to schedule a public hearing but Berry Carrigan is saying we don't need that because it was already in the previous application.

David Aitken stated as was indicated this is continuation of an application submitted to the Board in February 2014. He stated their emphasis is to continue to grow the tourism economy in Central New York. He stated they took some time to revise the plan to ensure they would be able to deliver it, finance it and get it open. He stated before the Board is a plan for a \$48 million hotel in the same location on the same lot as previously. He stated in essence they adjusted the room count and the building square footage. He stated the \$48 million will be privately financed with all of that coming from the Pyramid Companies and loans they will secure. He stated it is a worldwide hospitality brand and is an all-suites project with a 3rd party hotel operator. He stated they hope to be able to break ground in late May early June and there is a sometime sensitive nature around being able to enclose the building before the end of the year. He stated they have slated about 14 months for construction and anticipate utilizing 225 people in the course of construction. He stated from an operational perspective hopefully they open in the summer of 2017 with 70 positions in the first year, growing a few over the course the next couple years. He stated they are building this project because of tourism and the continued success of the project. He stated they have a 2.4 square foot facility which is the State's largest shopping, dining and entertainment destination and the 6th largest enclosed complex of its kind in the country. He stated 85% of people buying passes for the 3rd floor entertainment are coming from outside of Onondaga County and 58% are traveling distances greater than 50 miles. He stated they have significant penetration into Canada and they have been going very heavy the past 3 years after they rebranded into Destiny USA going after the tour market. He stated last year they hosted buses from 16 different countries. He stated last year they had 142 new group tours and they had double digit growth in that construct for each of the past 3 years with the least growth being 22%. (Mr. Aitken handed out facts and statistics on tourism in

NYS). He stated Syracuse had the 2nd highest growth in tourism among in MSAs within New York State with a growth of 6.8%. He stated the application before the Board has 2 requests and one is the sales tax exemption on construction materials and the 2nd relates to a PILOT. He stated they are not requesting mortgage recording tax and they will pay the fee that is due to the IDA if approved. He stated they will pay the mortgage recording tax upon closing of their commercial financing and he understands that some of those dollars are utilized to be formula driven helping fund among other things, Centro. He stated he wants to make it clear that this request does not include a mortgage recording tax exemption. He stated the PILOT was dropped significantly from where they had previously submitted as they adjusted the cost of the project as well. He stated they have structured as 8 years and phased in over the next 4 years where they will continue to pay the base property taxes on the property today which are currently \$111,000 a year for the parking lot. He stated with their emphasis on local hiring they are willing to adapt two specific provisions; #1 they will work collaboratively with other key stake holders and adopt a 15% MWBE goal during and #2 in terms of the permanent opportunities, the permanent positions, they have adopted a 50% goal for hiring city residents to operate the facility. He stated their goal is to work with the Department of Labor, SUNY EOC and others to help both achieve their MWBE goal and the 50% goal of hiring City residents.

Patrick Hogan stated he would like to congratulate them on the 15% MWBE and it is a great figure. He stated he knows addressing those concerns was important to the community as far as the structure of the PILOT agreement, it is about the same length as normal. Julie Cerio stated this is slightly longer but it is the same as the community benefit.

Patrick Hogan asked when the public hearing will be. Barry Carrigan stated it will be 10 days after the publication.

Upon a motion by Susan Stanczyk, seconded by Janice Herzog, the OCIDA Board adjourned the meeting at 8:55 am. Motion was carried.



Isabelle Harris, Secretary