

Onondaga County Industrial Development Agency
Regular Meeting Minutes
August 23, 2016

The regular meeting of the Onondaga County Industrial Development Agency was held on Tuesday, August 23, 2016 at the 333 West Washington Street, Syracuse, New York in the large conference room on the first floor.

Patrick Hogan called the meeting to order at 8:00 am with the following:

PRESENT:

Patrick Hogan
Victor Ianno
Susan Stanczyk
Steve Morgan
Kevin Ryan
Janice Herzog

ABSENT:

Fannie Villarreal

ALSO PRESENT:

Julie Cerio, OCIDA, Executive Director
Nate Stevens, Treasurer
Isabelle Harris, Secretary
Steve Coker, Office of Economic Development
Karen Doster, Recording Secretary, Agency
Tony Rivizzigno, Gilberti Law Firm
Sara Wisniewski, Gilberti Law Firm
Jason Klaben, Blue Rock Energy, Inc.
Phil Van Horne, Blue Rock Energy, Inc.
Bruce Malone, Blue Rock Energy, Inc.
Bruce Wood, Wood & Smith
Joe Frateschi, Harris Beach
Joe Goethe, Cameron Group
Kevin McAuliffe, Barclay Damon
Jean Carnese, FPA
Joe Porter, UJTF

APPROVAL OF REGULAR MEETING MINUTES – JULY 20, 2016

Upon a motion by Susan Stanczyk, seconded by Victor Ianno, the OCIDA Board approved the regular meeting minutes of July 20, 2016. Motion was carried.

TREASURER'S REPORT

Nate Stevens gave a brief review of the Treasurer's Report for the month of July 2016.

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

PAYMENT OF BILLS

Nate Stevens gave a brief review of the Payment of Bills Schedule #398.

Upon a motion by Victor Ianno, seconded by Janice Herzog, the OCIDA Board approved the Payment of Bills Schedule #398 for \$94,681.10 and PILOT payments to Town of DeWitt for \$9.42, Town of Onondaga for \$1.92, Jamesville DeWitt Schools or \$61.66, City of Syracuse for \$956.02 and Onondaga County for \$614.69. Motion was carried.

CONFLICT OF INTEREST DISCLOSURE

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

BLUE ROCK ENERGY, INC.

Phil VanHorne stated he is CEO of Blue Rock Energy who is an energy services company supplying electricity and natural gas to about 20,000 customers in New York, Pennsylvania and Connecticut currently. He stated they also have an energy efficiency group that does LED Lighting and onsite generation and in January they launched a solar energy subsidiary. He stated he started the company in 2003 out of his house and now approaching about \$100,000,000 in revenue. He stated they have about 69 employees with 49 in Syracuse, all professional full time jobs with good pay. He stated they have a large group of employees under 40 years old so they have done a good job of attracting people who went to high school in Syracuse. He stated his first office was on Elwood Davis Road and they moved in 2007 to the Foundry Building in Franklin Square with 3,200 sq. ft. He stated they have taken over a total of 8,800 sq. ft. in the Foundry and have outgrown that. He stated they are moving to the 8th floor of the Barclay

Damon Tower on the corner of Jefferson and Warren with 13,800 sq. ft. He stated the new floor plan has room for 83 people. He stated their current plans call them to go to 80 in the next 5 years and corporately in 5 to 10 years will be well over 100 people. He stated they're looking for sales tax abatement and training funds. He stated as they are expanding and upgrading their facilities there are employee training needs to continue to upgrade skills and to meet all the challenges of today's business world.

Steve Morgan asked if Blue Rock sells energy just to commercial or is it also residential. Phil VanHorne stated it is residential, business and institutional.

Steve Morgan stated the job creation estimate is 3 to 4 jobs. Phil VanHorne stated target move in date is January 1 and will be at least 10 more jobs by the end of 2017. He stated so far it has been all organic growth and they haven't done any acquisitions.

Steve Morgan asked if Blue Rock is an energy broker. Phil VanHorne stated in the energy industry they are not because they are buying the power and gas, taking title to it then delivering.

Patrick Hogan stated there is a variety of training for the employees. Phil Van Horne stated they have a range of people and a variety of training they have to go through. He stated most of the jobs are analytical and change fast with new software training, new products and systems.

Patrick Hogan asked if they have a relationship with local colleges. Phil VanHorne stated they don't have formal relationships but from a recruiting standpoint they talk to the colleges often. Bruce Malone stated they bring in a lot of interns every year and do mentorship programs with the local universities.

Victor Ianno asked if the \$100,000,000 is for industrial residential or commercial. Phil VanHorne stated it is about 70% business and 30% residential.

Victor Ianno asked if there is an active sales force out marketing. Phil VanHorne stated yes.

Victor Ianno asked if it is a stock company. Phil VanHorne stated yes and he is majority owner. He stated there are 12 other investors.

Upon a motion by Victor Ianno, seconded by Janice Herzog, the OCIDA Board approved a resolution describing the proposed Blue Rock Energy, Inc. project and the financial assistance the Agency may provide. Motion was carried.

Upon a motion by Steven Morgan, seconded by Janice Herzog, the OCIDA Board approved a resolution authorizing the execution of the Agent Agreement outlining the responsibilities of the Developer and Agency for the Blue Rock Energy, Inc. project.

8324 OSWEGO ROAD, LLC

Steve Coker stated 13 people attended and 5 spoke with one in support. He stated in the record there is the transcript of what was said.

Bruce Smith stated SOS is consolidating two outdated small leased offices in the area that are subject to expiring leases and Family Practice Associates is doing the same into a state of the art building. He stated approximately 7,000 sq. ft. will be leased to Crouse and they will put a variety of specialists in the space some of which may be sharing space with each other. He stated the benefits are allowing services to continue to be provided at a high level, provide enhanced services, provide new services, assist in physician recruitment and retention. He stated it is a challenge to recruit physicians to Syracuse and Family Practice Associates in particular there is a lack of primary care physicians in the Baldwinsville area and a need to fill the gap.

Patrick Hogan stated at the public hearing there were some concerns expressed by local officials regarding projected revenue. He stated he thinks the question is, will the project go forward if the Board votes down the PILOT. He stated he understands the reasoning for recruiting physicians but he doesn't understand how a PILOT would help. Bruce Smith stated it reduces the occupancy cost for 3 tenants and a new physician coming in would become a partner and owner of the building. He stated if the Board doesn't approve the PILOT, they project will go forward. He stated it may change dynamics of the tenants and the landlord but he would never say they moving somewhere else without a PILOT. He stated they would hope to get it and they think they qualify for a PILOT but it is the Board's call.

Patrick Hogan stated he thinks it is a terrific project but he has a problem with the PILOT. He stated he does not have a problem with sales tax exemption or mortgage recording tax.

Upon a motion by Victor Ianno, seconded by Susan Stanczyk, the OCIDA Board approved a resolution for the SEQRA purposes determining 8324 Oswego Road, LLC as an unlisted action and will result in no significant adverse environmental impact. Motion was carried.

Upon a motion by Janice Herzog, seconded by Steve Morgan, the OCIDA Board approved a resolution for a straight lease transaction for the 8324 Oswego Road, LLC project consisting of the development of commercial space in the Town of Clay. Motion was carried.

Patrick Hogan asked for a motion on the PILOT. There was no motion and the request for a PILOT was denied.

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

Upon a motion by Janice Herzog, seconded by Victor Ianno, the OCIDA Board approved a resolution to provide mortgage recording tax exemption for the proposed 8324 Oswego Road, LLC project. Susan Stanczyk opposed. Motion was carried.

Upon a motion by Victor Ianno, seconded by Steve Morgan, the OCIDA Board approved a resolution authorizing the execution and delivery of closing documents. Motion was carried.

O'CONNELL ELECTRIC COMPANY, INC.

Joe Frateschi stated the O'Connell Electric project is the acquisition and renovation of a 29,500 sq. ft. facility located in the Hancock Airpark. He stated the facility was owned and occupied by Albany Molecular who abandoned it. He stated O'Connell Electric purchased it in May of 2016. He stated they secured final approvals for sales tax exemption package and preliminary PILOT approvals. He stated he is requesting final approvals for a PILOT. He stated the approximate real estate abatement is \$107,000 over 10 years. He stated O'Connell Electric hires union electrical contractors to install and maintain electrical infrastructures for corporations and institutes throughout NYS with an extensive operation locally. He stated the Syracuse division

currently employs 100 employees and with this project they are projecting to add an additional 35 employees. He stated O'Connell installs and maintains electrical infrastructure for Onondaga County corporations so they can operate more effectively and efficiently.

Patrick Hogan asked if the 35 people added going to be electricians. Joe Frateschi stated 25 union workers, 8 union workers and 2 clerical and all local.

Upon a motion by Kevin Ryan, seconded by Victor Ianno, the OCIDA Board approved a resolution authorizing the terms, execution and delivery of a Payment in Lieu of Tax Agreement for the O'Connell Electric Company, Inc. project. Motion was carried.

HINSDALE ROAD GROUP, LLC

Kevin McAuliffe stated Hinsdale Road Group is seeking approval for an amended application. He stated they need to extend the time period for sales tax exemption because the project is still on going and they need to increase the amount because of modifications. He stated an amended project description has been submitted to the Agency which includes a hotel. He stated when they started 8 years ago there was a hotel and then disappeared and is now is back. He stated the application states they want to increase the gross amount of the project from approximately \$70,000,000 to \$75,000,000. He stated the sales tax exemption was bumped up to \$2,399,000 and now will be \$2,800,000. He stated they contemplated a total of 500,000 sq. ft. would be built and they are at 436,030 sq. ft. and with the hotel they estimate 496,929 sq. ft. by this time in 2018. He stated nothing needs to be done with the PILOT because it was always calculated with an ever increasing rate per square foot per year over the life of the PILOT and is based on square footage built and placed in service by September 1 of each year. He stated they are asking for approval to the amended application increasing the amount of the project from \$70,000,000 to \$75,000,000. sales tax exemption up to \$2,800,000 and putting back in the inclusion of the hotel. He stated they will have to go to the town as in the past for amendments to site plans and traffic pattern will be the same. He stated they anticipate the Town will not have an objection.

Victor Ianno asked if they are built out after the hotel or is there more room. Joe Goethe stated they have an additional 4 acres that they haven't figured out what to do with yet. Kevin McAuliffe stated the residential component is completely built out and full.

Steve Morgan asked how the sales tax is configured because they are going up \$400,000 in sales tax but adding \$5,000,000 to the total project cost and it doesn't seem in proportion. Kevin McAuliffe stated they always over estimate on sales tax so they don't have to come back before the board and if it's over \$100,000 you have to have a hearing so it is much better to aim high. He stated he takes the construction cost of the project and divides by 2 and multiply by the sales tax rate. Tony Rivizzigno stated they only get what they spend.

Tony Rivizzigno asked if there is likelihood that there will be an expansion beyond this. Joe Goethe stated there is an additional 4 acres behind Costco and there is a community need for certain things they have been looking at but he is not sure.

Victor Ianno asked if overall has it been successful. Joe Goethe stated yes. He stated when they originally came in and talked about the regional draw of the project it has proved out. He stated Costco is drawing 50% of its customer/membership base outside of the Western suburbs.

Janice Herzog asked how the traffic patterns are. Joe Goethe stated he gets more complaints about the traffic patterns. Kevin McAuliffe stated DOT did the design and is not a unique situation and compares to other retail spots.

Janice Herzog asked if the \$4,500,000 is all for the hotel. Joe Goethe stated he thinks it is a combination of a few different things. He stated the hotel is a Hilton and there are 3 like it under construction now. He stated they were awarded the first in upstate New York. He stated it is Generation X Millennial business travel hotel with about 90 rooms. He stated the total hotel cost is about \$6,000,000. He stated it will go before the planning board next month.

Janice Herzog stated there really are not other hotels that way. Joe Goethe stated the State Fair has a Best Western but no other flags and the next nearest is Auburn.

Kevin Ryan stated typically developers are doing the projects themselves and asked if everyone is subject to the local labor policy. Joe Goethe stated yes and any building they have built has been all local labor. He stated they bought the Hilton flag and they are developing the hotel and will build with local.

Kevin McAuliffe stated they did not build the Costco so they did not get sales tax exemption from OCIDA. He stated they are within the PILOT but they didn't control the construction so therefore did not include them with the sales tax.

Upon a motion by Victor Ianno, seconded by Kevin Ryan, the OCIDA Board approved an amended resolution increasing the sales tax exemption benefits and authorizing a public hearing for the proposed Hinsdale Road Group, LLC. Motion was carried.

Upon a motion Steve Morgan, seconded by Susan Stanczyk, the OCIDA Board approved an amended resolution authorizing the execution of the Agent Agreement outlining the responsibilities of the Developer and Agency for the Hinsdale Road Group, LLC project. Motion was carried.

COR INNER HARBOR

Tony Rivizzigno stated the Board approved a project that included several projects and it was agreed that they would do it in phases. He stated this is next phase of construction. He stated the Agency obligation is to approve and amend the agreement to reflect this new project.

Steve Morgan asked what brand hotel it will be. Tony Rivizzigno stated The Element.

Janice Herzog asked if this will increase the benefits. Tony Rivizzigno stated no. Julie Cerio stated everything was contemplated in a lump sum and they provide the Agency notice as things come on. Tony Rivizzigno stated they have more projects and will come back to the Board.

Janice Herzog asked if the hotel still comes under the umbrella of local labor. Tony Rivizzigno stated yes.

Upon a motion by Janice Herzog, seconded by Victor Ianno, the OCIDA Board approved a resolution authorizing a new sub-project, pursuant to the Master Lease Agreement authorized by the OCIDA Inducement Resolution of December 15, 2015; and authorizing the signing by the Executive Director of all related documents for the COR Inner Harbor project. Motion was carried.

Upon a motion by Victor Ianno, seconded by Steve Morgan, the OCIDA Board approved a resolution amending the master PILOT for the COR Inner Harbor Project to include newly acquired property located at 320 W. Kirkpatrick Street, Syracuse, NY. Motion was carried.

ONONDAGA COUNTY ECONOMIC DEVELOPMENT WEBSITE SERVICES RFP UPDATE

Nate Stevens stated the website services was RFP'd and received 3 local responses. He stated the Board directed staff to talk to the vendors and Syracuse Design Group was selected and is lowest priced. He stated Frank Smith is the primary contact and owner. He stated to get a new website is going to be approximately \$10,000. Nate Stevens stated Syracuse Design Group is \$60 an hour and the other two were \$100 an hour. Julie Cerio stated they do the Onondaga County Parks website.

Steve Morgan asked if staff met with all the responses. Nate Stevens stated because of the gap in price they thought best to just to meet with the lowest. He stated if there were any doubts with the low vendor they would have met with the others as well.

Nate Stevens stated the reason we are doing the new website from scratch is because the current has a proprietary code with an expensive yearly fee. He stated the best strategy is to go to an open source platform and if Syracuse Design Group ends tomorrow there are other developers locally to take over unlike the current vendor. He stated it's much more flexible and no fees going forward. Julie Cerio stated we are only doing a year contract to make sure we like them.

Patrick Hogan stated it is important that staff feels comfortable with whoever they are going to be working with.

Steve Morgan stated the \$10,000 is just for the website construction and then there is a maintenance fee per hour after that. Nate Stevens stated it would be roughly \$10,000 to build it.

Kevin Ryan asked what is turnaround time for the site to go active. Nate Stevens stated January 1. He stated the biggest hang up will be staff modeling and developing a plan as to what the website should look like and what features it should have.

Upon a motion by Kevin Ryan, seconded by Janice Herzog, the OCIDA Board approved a resolution selecting Syracuse Design Group to assist with redevelopment of the Onondaga County Economic Development website. Motion was carried.

BASIN ASSOCIATES, LLC

Tony Rivizzigno stated this is a termination of an old project and the Board is being asked for authorization to sign the termination agreements.

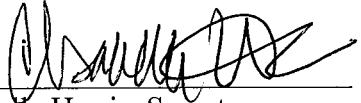
Upon a motion by Janice Herzog, seconded by Steve Morgan, the OCIDA Board approved a resolution authorizing the execution and delivery of termination documents with respect to the Basin Associates, LLC project. Motion was carried.

Julie Cerio requested the Board enter into executive session to discuss potential litigation.

Upon a motion by Patrick Hogan, seconded by Victor Ianno, the OCIDA Board went into Executive Session to discuss potential litigation. Motion was carried.

Upon a motion by Victor Ianno, seconded by Kevin Ryan, the OCIDA Board adjourned Executive Session. Motion was carried.

Upon a motion by Steve Morgan, seconded by Victor Ianno, the OCIDA Board adjourned the meeting at 9:01 am. Motion was carried.



Isabelle Harris, Secretary