

Onondaga County Industrial Development Agency
Regular Meeting Minutes
December 12, 2017

A regular meeting of the Onondaga County Industrial Development Agency was held on Tuesday, December 12, 2017 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:

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

ALSO PRESENT:

Julie Cerio, OCIDA, Executive Director
Isabelle Harris, Secretary
Nate Stevens, Treasurer
Karen Doster, Recording Secretary, Agency
Brian Bartlett, Office of Economic Development
Tony Rivizzigno, Gilberti Law Firm
Michael Humphrey, Specialists' One Day Surgery
Bruce Smith, Wood and Smith
Leanne West., Strategic Development Specialists, LLC
Ken Bush, Town of Elbridge
Aggie Lane, UJTF

APPROVAL OF REGULAR MEETING MINUTES – NOVEMBER 7, 2017

Upon a motion by Victor Ianno, seconded by Kevin Ryan, the OCIDA Board approved the regular meeting minutes of November 7, 2017 with change. Motion was carried.

TREASURER'S REPORT

Nate Stevens gave a brief review of the Treasurer's Report for the month of November 2017.

Upon a motion by Susan Stanczyk, seconded by Victor Ianno, the OCIDA Board approved the Treasurer's Report for the month of November 2017. Motion was carried.

PAYMENT OF BILLS

Nate Stevens gave a brief review of the Payment of Bills Schedule #413.

Upon a motion by Victor Ianno, seconded by Janice Herzog, the OCIDA Board approved the Payment of Bills Schedule #413 for \$66,753.63. Motion was carried.

CONFLICT OF INTEREST DISCLOSURE

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

SPECIALTY DAY SURGERY

Michael Humphrey stated he is CEO of Syracuse Orthopedics Specialists. He stated SOS is a medical practice with about 30 orthopedic surgeons and approximately 600 employees in Onondaga County. He stated the surgeons have a wholly owned specialist one day surgery center and have operated for 15 plus years on Intrepid Lane. He stated it is a busy surgery center. He stated as with most medicine there are cases that move out of the hospital into lower cost, cleaner, lower infection settings and can be more efficient. He stated they perform approximately 8,000 orthopedic surgery cases and 6,000 pain management procedures on Intrepid Lane. He stated it is a facility that they clearly have used to capacity and beyond. He stated they are looking to expand not just because the center is full but they continue to change in orthopedic practice and now have other procedures including total joint, knee, hip, shoulder and ankle replacements. He stated they are performing some spine surgical procedures and have historically been performed in hospitals but they are seeing across the county now moving into outpatient settings. He stated they are recognizing that is the most appropriate thing to do. He stated their current surgery center is probably the busiest surgery center in New York State. He stated they are comfortable that they can be one of the leaders in moving these higher intensity cases into the outpatient surgery center. He stated they have secured a lease on a building and will be moving their entire case load from Intrepid Lane up to the center along with the new procedures. He stated they will go from 16,000 square feet to 47,000 square feet. He stated the types of procedures they will be performing need to be done in larger ORs. He stated they are

going to have overnight capacity and they have worked with NYS to secure a certificate to operate this type of center and perform these types of procedures. He stated they will have more physical therapy services on site to ensure the patients are ready to go home the next morning. He stated they will have medical services to keep the patients for a longer period of time than they currently do including overnight. He stated moving these types of cases out of a hospital setting will lower cost, lower the cost to insurance companies, to employers, lower the copays for patients and historically will be lower costs to the patients when they are moved into a free standing surgery center not a regulated hospital. He stated there really isn't another center like this in New York State. He stated certainly there will be others that may pop up but they think they are ahead of the curve and provide the highest quality care. He stated they have a very strong partnership with hospitals in Syracuse, have talked to them about the surgery center, they are aware of it and comfortable that this is the way things need to move. He stated they will continue to provide a high volume of these total joint and spine cases in the hospitals. He stated the trend is for these to increase, because people are living longer. He stated they believe they are going to continue to have high volume programs there in the hospitals and their doctors will continue to be in a management and leadership role within those programs as they exist. He stated they will be investing over \$13,000,000 in this project to build out and equip the 52,000 square foot building. He stated they project approximately 34 new jobs to the overall payroll. He stated they have the surgery center itself employs about 60 and SOS employs 600. He stated these will be new services, physical therapy services, overnight nursing staff to be able to perform these procedures and surgical techs. He stated they expect most of the employees will reside in Onondaga County and they will work with local schools including St Joseph's., Crouse School of Nursing, OCC and BOCES. He stated they believe the new salaries and new jobs would be generated from local residents and local programs. He stated currently 40% of the orthopedic surgeries that SOS physicians perform are performed on patients residing outside of Onondaga County. He stated the total joint and spine procedures, they project the center will gain even more patients from outside Onondaga County. He stated the orthopedic surgery field has become very specialized over the last 10 to 15 years and so the doctors solely focus on total joint procedures or the spine. He stated smaller rural areas simply can't provide enough volume to a new surgeon to sustain and keep them growing so they are seeing bigger groups like SOS become the focal point of care where patients travel in from other areas in order to get that type of specialized care. He stated they have recruited 15 surgeons over the past 10 years and they see that continuing particularly in these very specialized areas as these centers develop. He

stated they believe it is a project that will bring value and value to the area, to the employers, the insurance companies and will provide the highest quality care here in Central New York.

Julie Cerio asked what is going to happen to the Intrepid Lane site. Michael Humphrey stated they have 6 orthopedic ORs and a 2 room pain management suite which are smaller procedures and quicker turnover. He stated the pain management program continues to grow with about 7,000 procedures a year and there is need for more. He stated they're going to utilize the current orthopedic side and turn it into to a 4 room pain management suite. He stated leaving about 3,000-4,000 square feet available that they would look for a medical lease or property lease.

Julie Cerio asked how many employees will be at that location. Michael Humphrey stated in total when they say they are going to grow from 60 to 94 the projections include both. He stated there will still be probably 20 employees at that site performing those cases on a daily basis.

Victor Ianno asked what building they are going into. Michael Humphrey stated it is the old empty Wynit Building next to the DMV.

Patrick Hogan stated it has been vacant for a while. Bruce Smith stated it has been fully vacant for about a year.

Patrick Hogan asked how many total visits they expect. Michael Humphrey stated they would do 8,000 to 9,000 procedures growing over time. He stated at least 40% of those are from outside the County.

Patrick Hogan stated they bring their family so there are economic benefits all around. Michael Humphrey agreed and said some will be staying overnight. He stated many of the total joint replacement and spine surgeries really need to be monitored for up to 24 hours so overnight capacity is needed. He stated they have 12 overnight beds built into this and they will have the appropriate staff.

Victor Ianno stated he can't believe that the hospitals are ok with SOS taking all their business for these surgeries. Michael Humphrey stated they talked to them about a joint venture because they know it is a big part of their business but they analyzed it and reality is the procedure numbers are going to keep increasing with the population age increasing and a more active

population so in case studies it really hasn't taken much from the hospital but there certainly is a drop off. He stated they are comfortable and had a chance to tell New York State if they didn't like it. Bruce Smith stated they project maybe 10-15% of their total joint comes from the hospital because they can only do total joint procedures on patients who meet their clinical criteria but they also project there will be growth generally in outpatient surgery for total joints.

Janice Herzog asked where else would these patients go. Michael Humphrey stated they would be in the hospital at a higher cost because there is much more overhead there. He stated these are relatively healthy patients in terms of medical and going into the hospital has a higher opportunity for infection.

Patrick Hogan stated this is a growth business because people are getting more knee replacements. Michael Humphrey stated people are more active and living longer. He stated he was surprised to see data that most patients were Medicare patients and now it's only 50% with the rest under 65 with commercial insurance. He stated it has swung a lot in the past 10 years.

Janice Herzog stated in the summary application it says job creation is 40 and 34 was mentioned. Michael Humphrey stated 34 is year one and as they see growth they will continue to add. Bruce Smith stated 40 is year three.

Janice Herzog stated the retention is 57.6. Michael Humphrey stated 57 is the staff they have in the Specialists' One Day Surgery Center and most will move to Taft Road but a few will stay at Intrepid. He stated that is all one company but will have 2 sites. He stated the employees for Specialists' One Day Surgery Center will go from 57 to 91.

Janice Herzog stated they would retain the 57 employees whether they did the project or not. Michael Humphrey stated yes. He stated it is full and busy every day.

Susan Stanczyk asked if they presented the project to the Town of Cicero. Michael Humphrey stated yes and they received a positive reception. He stated they approved the general plan.

Susan Stanczyk asked if they anticipate any issues. Michael Humphrey stated they were positive with what the look was and it was a good meeting.

Victor Ianno asked who the builder is. Michael Humphrey stated Heuber Breuer.

Fanny Villarreal stated it was mentioned they are trying to cover the jobs from BOCES, OCC and St. Joseph's and asked if SOS has talked to them yet. Michael Humphrey stated they have not talked to them at this point. He stated the project will be at least a year in terms of construction so they will be on Phase 4 next year to identify where they will be get staffing from.

Upon a motion by Victor Ianno, seconded by Fanny Villarreal, the OCIDA Board approved a resolution describing the proposed Specialty Day Surgery project and the financial assistance the Agency may provide and authorizing a public hearing for the project. Motion was carried.

Upon a motion by Susan Stanczyk, seconded by Victor Ianno, the OCIDA Board approved a resolution authorizing the execution of the Agent Agreement outlining the responsibilities of the Project Applicant and Agency for the Specialty Day Surgery project. Motion was carried.

UNITED RADIO

Leanne West stated United Radio is a family owned business and started 100 years ago in Syracuse as a one man repair shop. She stated they do professional services to electronics focusing in automotive, consumer electronics and communications. She stated they also have a research and development facility on site. She stated the consumer electronics division has contracts with SONY and Nintendo to repair their devices along with others. She stated in automotive they have a contract with Harmon Kardon which is a huge radio brand internationally. She stated they provide service contracts for many luxury dealerships too. She stated if you have an issue with any of the electronic modules in your vehicle, more than likely you will be sent to United Radio to have it serviced or your dealer will send it to United Radio. She stated in the communications division they provide mobile radios to municipalities, fire departments and any emergency services locally or internationally. She stated they service mobile radios, pagers and those types of equipment. She stated the company in 2016 won the family business of the year award from the Central New York Business Journal which is a huge accomplishment. She stated the company currently has 434 employees on the Enterprise Parkway campus in East Syracuse. She stated they occupy 3 buildings, 2 of which they currently own. She stated they also have a site in Atlanta with about 120 employees and that site primarily

services their automotive division. She stated the company itself is doing exactly what New York State and what we want our local companies to do and that is they started here, grew here and employ all local people with about 86% of their business done outside New York State so it's international and throughout the US. She stated the Company wants to purchase a parcel of land that houses two 100,000 square foot buildings adjacent to their current property they own that also has two buildings. She stated one of the buildings on the parcel they are proposing to purchase they currently 100% occupy with their consumer electronics division in it. She stated the other building is 87% occupied by Saab Sensis and they have a 2 year lease the company will honor once they own the building. She stated United Radio will move into what is left of the building and use it for storage and warehousing. She stated they will make improvements to connect the buildings and provide security to the buildings immediately. She state the total project cost is just over \$7,500,000 and they project 35 new jobs as a result of the growth.

Fanny Villarreal asked what kind of jobs. Leann West stated they are technicians, engineering, sales and support jobs with the average wage just over \$43,000.

Kevin Ryan asked what happens when the lease with Saab Sensis expires. Leann West stated they will be seeking a new location so United Radio can occupy the building.

Kevin Ryan asked if Saab is moving here. Tony Rivizzigno stated they are moving a lot of their employees up here and it is going to be the SAAB headquarters.

Victor Ianno stated this is a win-win. He stated Saab is going to find another location probably based on the articles the past couple days but the ability for United Radio to have that additional 100,000 square feet for their own business that keeps them here instead of Atlanta is important.

Upon a motion by Janice Herzog, seconded by Victor Ianno, the OCIDA Board approved a resolution describing the proposed United Radio project and the financial assistance the Agency may consider and authorizing a public hearing for the project. Motion was carried.

Upon a motion by Janice Herzog, seconded by Victor Ianno, the OCIDA Board approved a resolution authorizing the execution of the Agent Agreement outlining the responsibilities of the Project Applicant and Agency for the United Radio project. Motion was carried.

ROTH STEEL

Julie Cerio stated we have different buckets for different categories and when looking at the funds on each line we are using more administrative costs than anticipated because we are using them for things we didn't think we would have to use them for. She stated we just RFP'd to tear the buildings down but it's not just a regular demolition because DEC is involved. She stated we are having John Ciampa involved administratively to offer guidance and come to our meetings.

Julie Cerio stated staff is asking for \$15,000 for task 500 for the administration for all the different things that John Ciampa needs to be involved in.


Isabelle Harris stated staff is pursuing other types of grants. She stated she and Nate Stevens relies on John Ciampa's expertise to be able to word the RFP's properly. She stated all of this is positive and if we get the grants it is money back into the project.

Janice Herzog asked if John Ciampa has an hourly fee. Isabelle Harris stated he has an hourly fee that is in the RFP and he bills under what they had quoted. She stated hopefully this pays off in the end because there are some bigger grants out there. She stated she can't do it alone and Nate Stevens can't do it alone because it takes a lot of his knowledge and expertise.

Victor Ianno asked if there are bigger grants out there. Isabelle Harris stated yes and whether it is herself, Travis Glazier or Holly Granat, they are all looking for places to find money to recoup some of what the IDA is doing.

Sue Stanczyk asked how much has been committed to the engineering. Isabelle Harris stated is somewhere close to \$700,000 and she can get her the exact number.

Upon a motion by Susan Stanczyk, seconded by Janice Herzog, the OCIDA Board adjourned the meeting at 8:34 am. Motion was carried.


Isabelle Harris, Secretary