

Onondaga County Industrial Development Agency  
Special Meeting Minutes  
August 2, 2017

A special meeting of the Onondaga County Industrial Development Agency was held on Wednesday, August 2, 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 8:10 am with the following:

PRESENT:

Patrick Hogan  
Janice Herzog  
Victor Ianno  
Steve Morgan  
Susan Stanczyk

ABSENT:

Fanny Villarreal  
Kevin Ryan

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  
Kevin McAuliffe, Barclay Damon  
Michael Wetzal, Air Innovations, Inc.  
Carmen Emmi, Etna Development  
Tony Mangano, Etna Development  
Jeff Murray, Carpenter's Union  
David Silverman  
Aggie Lane, UJTF  
Rich Puchalski, SUN

APPROVAL OF REGULAR MEETING MINUTES – JUNE 28, 2017

Upon a motion by Victor Ianno, seconded by Janice Herzog, the OCIDA Board approved the regular meeting minutes of June 28, 2017. Motion was carried.

TREASURER'S REPORT

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

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

### PAYMENT OF BILLS

Nate Stevens gave a brief review of the Payment of Bills Schedule #409.

Upon a motion by Janice Herzog, seconded by Steve Morgan, the OCIDA Board approved the Payment of Bills Schedule #409 for \$11,997.56 and PILOT payments to the Town of DeWitt for \$10.72, Town of Onondaga for \$2.18, Jamesville DeWitt Schools for \$70.16, Syracuse City School District for \$1,587.71 and Onondaga County for \$699.36. Motion was carried.

### CONFLICT OF INTEREST DISCLOSURE

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

### TESSY PLASTICS

Julie Cerio stated OCIDA is restricted from giving grant funds but can do training funds if it's a project of the Agency. She stated generally they come in when the application is submitted for tax relief but this one came in shortly after and the training takes place next week. She stated it's reimbursable up to half and funds are not reimbursed until training is done with appropriate documentation. She stated it keeps our workforce trained in skills needed to remain competitive.

Kevin McAuliffe stated over 5 years they have spent between \$15 million and \$20 million on new machinery with the latest advanced technology in all the facilities but it needs a substantial amount of training. He stated without the training they will not be employable and their intention is everyone becomes a permanent employee. He stated there are over 1,000 employees and they have committed to hiring hundreds more. He stated this is a great company that has grown with all the assistance the Agency has given them. He stated this is an appropriate request to keep growing employment at a great stable manufacturer that refuses to go to North Carolina.

Pat Hogan stated Tessy has been one of the success stories in the County. He stated training is something we have to face in 21<sup>st</sup> century in order to have a skilled workforce.

Upon a motion by Victor Ianno, seconded by Susan Stanczyk, the OCIDA Board approved a resolution authorizing the approval of fund for the employee productivity program for up to a maximum of \$12,500 in funding to train employees on equipment. Steve Morgan abstained. Motion was carried.

#### AIR INNOVATIONS, INC.

Mike Wetzel stated Air Innovations hired a Parsons McKenna as GC and will be starting in the next couple weeks. He stated they are in the process of completing the final drawings and purchasing materials. He stated they should be complete with first phases of the project by around Christmas and the production phase will be next summer.

Upon a motion by Janice Herzog, seconded by Steve Morgan, the OCIDA Board approved a resolution for SEQR purposes determining the Air Innovations, Inc. 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 Steve Morgan, the OCIDA Board approved an inducement resolution for a straight lease transaction for the Air Innovation project consisting of the development of commercial space in the Town of Cicero. Motion was carried.

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

#### ETNA DEVELOPMENT COMPANY – DISCUSSION

Julie Cerio stated this is just a discussion item.

Kevin McAuliffe stated they wanted to talk to the Board about the IDA's relationship to hotel projects and the concept. He introduced Tony Mangano and Carmen Emmi and said they have been here before the Board who the Agency helped on the creation of the new Hampton Inn and Suites. He stated they would like to distinguish one hotel project from the next and the prejudice against providing assistance to new hotels. He stated there are tons of hotels coming online in the county and there is question to what is that doing to the average daily rate, occupancy rate, room occupancy and sales tax that benefits the county and tax payers in this community. He stated the proposition to the Board is that not all hotel projects are the same. He stated you want to improve the quality of the existing product here supporting material renovations with a complete redo or rebuild. He stated the options for two of their hotels were to downgrade both facilities to a lesser franchise and will be a lower average daily rate which drops down the sales tax revenue and the room occupancy tax. He stated they already constructed a brand new Hampton Inn at a cost of \$14,200,000 from something they tore down. He stated the assessment was about \$3,400,000 and they spent \$14,000,000 so now the ADR is increasing by almost double the average daily rate in turn doubles the sales and room occupancy tax. He stated there is no PILOT. He stated they are now faced with what to do with the old Hampton Inn which they were told they can't be a Hampton Inn anymore because the current standards are not met. He stated they could go to a lesser flag or no franchise all which will reduce the ADR in turn reducing the occupancy room, sales and room property tax. He stated their proposal is to tear down 30% of the building and the remaining 70% will be gutted. He stated some of the structure will remain but everything will be redone with a \$7,000,000 budget. He stated they are requesting mortgage recording and sales tax relief. He stated when calculated the increase in the room occupancy tax and the sales tax will be even with the County in 3 years. He stated if the IDA wanted to enhance the quality of the rooms that we have in this County now, provide longer better stable paying jobs, a program could be created saying no new hotels but we are going to do substantial renovations and material modifications. He stated the cost of doing over the Hampton Inn into a Tru Hotel is double the assessment. He stated criteria can be created so you are not faced with doing every hotel project that comes along. He stated they are not creating more jobs but they care for their employees, understand them and making sure they know where they go. He stated these are good steady jobs.

Carmen Emmi stated his grandfather bought the land in the early 50's and farmed it for a number of years. He stated in the late 60's the Ramada was built, the company leased the land from them and 13 years later it went bankrupt. He stated his family came in and bought the bankrupt

hotel and have been in the business since then. He stated they have been long standing business owners in that community and still have their farm stand on the corner. He stated related to the job movement and closing the Ramada, they surveyed every employee asking what they wanted to do, what are their plans and what do you want to achieve in the next few years. He stated it took a lot of time but it helped a lot of the employees figure out their next step. He stated some went back to school, some were transferred to their other hotels and some went to different hotels. He stated because the new hotel is bigger they had 8-10 new employees. He stated when Tru is done they will need to get all new employees.

Victor Ianno asked if there is a flag for the new remodel. Carmen Emmi stated it is Tru by Hilton. He stated it is a brand new brand and there are 4 or 5 operating but they have 400 deals signed across the country. He stated they think it is going to be a great fit and they are excited about it. He stated it is the only one in the entire Hilton system that is an adaptive reuse. He stated they want to see what can be done to this building and can we adapt this idea and give developers another option of what to do at the end of the 20 years.

Julie Cerio stated this is a discussion item only to give the Board time to digest the information and see what they want to do going forward. She stated she will provide the Board with some data that the County Finance Department has collected regarding hotels in the area so when this does come on as an action item the Board will be fully versed on both sides.

Steve Morgan stated it was said the price point will probably be double with the new flag versus the old and asked what is the estimation. Carmen Emmi stated Hilton is saying the Tru brand will be about 15-20% less than a typical Hampton Inn and Suites so they anticipate opening average room rate would be about \$100 and grow a little bit every year after that.

Patrick Hogan asked if they have been reassessed as far as property taxes go on the new facility. Carmen Emmi stated no because they missed the March 1 deadline. He stated they tore down the Ramada and then reassessed. He stated they reassessed this past March 1 but they were not open yet and will reassess again on March 1 with full rate. He stated the current Hampton Inn even though it is closed will be reassessed March 1 on current condition and on March 1, 2019 when the hotel is fully open.

Patrick Hogan stated it will probably be more so there will be more tax revenue. Carmen Essi stated yes and will be a lot more than they were paying as a Ramada.

Patrick Hogan asked if there was an agreement with the Board they would renovate the property around this hotel. Carmen Emmi stated yes. He stated they bought the Colorado Mining Company when it closed and redeveloped the parking lot. He stated they bought the restaurant because of a long strip of land in the back they wanted for future development. He stated they secured a service station so they own the whole square area which is 7 +/- acres. He stated the concept is to tear down the old Ramada, build a Hampton Inn and Suites and front parcels will be pad sites. He stated part of the agreement with OCIDA on the Hampton Inn suites is the pad sites would be developed over a 5 year period. He stated at the end of five years they anticipate on the particular corner there will be more jobs, more tax revenue and more sales tax than before.

Kevin McAuliffe stated when they did the hotel they have already put in the appropriate drainage for all the impervious surface that may be built and brought in all appropriate utilities to the pad locations. He stated as soon as a tenant is identified those pads are ready to go. Tony Mangano stated they are looking for something complimentary to the hotel.

Patrick Hogan asked what the loss of jobs is from the hotels. Carmen Emmi stated take into account not comparing similar properties because Ramada had food, beverage and a big banquet area. He stated there was about 65 employees and the Hampton right now has 38. He stated there are more part time at the Ramada and the Hampton Inn and Suites has more full time.

Patrick Hogan asked about the hotel they are redoing right now. Carmen Emmi stated they transferred about 32 the employees over to the new Hampton Inn and Suites. He stated when the Tru opens there should be about 20-22 employees.

Patrick Hogan asked where their employees come from. Carmen Emmi stated local and other counties.

Patrick Hogan asked if they have a lot of job applicants when they post jobs. Carmen Emmi stated sometimes yes. He stated the process is more electronic and people don't want to come in and physically fill out an application. He stated they have had a lot of success with the refugee programs, JobsPlus and NYS Labor.

Patrick Hogan asked who does their construction work. Carmen Emmi stated all of the construction work has been done by JW Construction services and they are a local firm in Syracuse., Tony Mangano stated they confirmed with them that 100% of the labor will be local.

#### LEGAL AND AUDIT SERVICES RFP


Nate Stevens stated we have to RFP for professional services which include legal and audit. He stated the contract for legal is up 12/31/17 and audit is up 10/31/17. He stated in August he will write the RFPs and if there is any feedback or comments to send them to him.

Upon a motion by Susan Stanczyk, seconded by Victor Ianno, the OCIDA Board passed a resolution authorizing Nate Stevens to send out RFP for legal an audit services. Motion was carried.

Julie Cerio stated there is a new requirement from the ABO that we need a purchasing officer. She stated Nate Stevens has always done it but we need an official purchasing officer and a backup purchasing officer.

Upon a motion by Susan Stanczyk, seconded by Victor Ianno, the OCIDA Board approved a resolution approving Nate Stevens as Purchasing Officer. Motion was carried.

Upon a motion by Victor Ianno, seconded by Janice Herzog, the OCIDA Board adjourned the meeting at 8:49 am. Motion was carried.

  
Isabelle Harris, Secretary