



Auburn Industrial
Development Authority

MEETING MINUTES
AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY
Wednesday, June 21, 2017
First Floor Meeting Room
Chamber of Commerce, 2 State Street, Auburn, NY 13021

Board Present: James Dacey (Chair & Member of Business)
Roger Beer (Member at Large)
Tricia Kerr (Member at Large)
Terry Cuddy (Council Member)
Ronald LaVarnway (Member at Large)
William Andre (Vice-Chair & Member of Labor)
Michael Quill (Council Member)

Board Excused: Monika Salvage (Secretary & School Board Member)

Staff & Guests: Tracy Verrier, Executive Director
Joseph Sheppard, Assistant Treasurer
Maureen Riester, CEDA Staff
Rob Poyer, Hancock Estabrook
Karen Walter, City of Auburn Resident
Bobby Marchenese, Marchenese LLC
Matthew Bragg, Chrisanntha Construction

Mr. Dacey, Chair, called the meeting to order at 5:00pm noting a quorum was present.

MEETING MINUTES

Mr. LaVarnway moved to accept the minutes from the May 17, 2017 Regular Meeting; seconded by Mr. Beer. The motion was approved 6-0, Mr. Quill voted present.

UNFINISHED BUSINESS

CEDA STAFF UPDATE: Mr. Dacey moved this section up in the agenda. Ms. Riester provided an update to the Board of the projects that she has been working on, and the various groups that she has been meeting with. Ms. Riester noted that Lexi interiors is moving to a new location and may be seeking assistance with construction at their new location. She noted that the purchasers of the existing Lexi Interior building may also be approaching the board for assistance. Ms. Riester continued, stating that she has been working with several businesses on their Consolidated Funding Applications (CFA) for projects located outside of the City. She also stated that she has been working with a couple new startups including a food truck and a retail shop, and has provided support for projects mentioned in the City's Downtown Revitalization Initiative (DRI) application.

Ms. Kerr asked about the food truck project. Ms. Riester discussed the Three Little Pigs food truck noting that they are starting small and have plans to expand eventually.

James A. Dacey
Chairman

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Ms. Verrier discussed the City's DRI application, providing a brief description of what the DRI is. She also noted that completing the application has taken up a great deal of both the City and CEDA staffs time. She continued, explaining when the announcements may be made and what happened following. She stated that Auburn has a strong application and that there were five other cities in the region applying for the funds. She then described the various projects found within the application.

Ms. Kerr asked about the development of the former Kalet's property. Ms. Verrier stated that the City is hoping to use CDBG money to turn the empty space into a park. Mr. Quill explained that the intent is to turn the vacant lot into a green space and not a parking lot.

Various members of the Board expressed their belief that positive things are happening throughout the City.

NEW BUSINESS

Mr. Bobby Marchenese (Auto Wash, LLC) and Mr. Matthew Bragg (Chrisanntha Construction) were introduced to the Board. Mr. Poyer discussed the application for benefits received from Auto Wash, LLC. He explained that the application sought sales tax exemption benefits, resulting in a total benefit of \$98,000. Mr. Poyer explained that this total benefit was below the \$100,000 threshold, noting that a public hearing would not be necessary and that they can move directly into deciding whether to qualify the project.

Mr. Bragg presented details of the Auto Wash project. He explained that construction would begin with the demolition of the buildings that are currently on the property and that the project would consist of a 32,000 square foot structure placed onto the approximately 4.74 acres, noting that only approximately one acre would be disturbed. Mr. Bragg then noted that they are an Ontario County based contractor and that most of their workers would be coming from Seneca, Ontario, and Wayne County, although they are trying to influence other subcontractors and more workers from Cayuga County.

Mr. Bragg then explained that they have contracted the design build firm of MEP and that they would serve as the designer of record for the project. He continued, explaining that MEP is a design build firm that self-performs all work. He explained that this was done in an effort to protect the owner of the facility and for warrantee purposes. He explained that MEP was local to Gorum, NY and that they used no sources from outside NY State. He continued, explaining that workers from companies located between Rochester and Syracuse would complete all of the trade work onsite, and local drivers would be used to transport materials and stone to the site. He explained that local companies had been contacted to perform work and that they were either much more expensive than completing the work in house, or did not do commercial work. He then provided a spreadsheet to the board outlining what onsite work would be self-performed or subbed out. Mr. Andre stated that he provided a list of local roofing contractors to Mr. Bragg.

Ms. Kerr asked if the enhancements to the facility would occur if the benefits were not provided. Mr. Marchenese provided a list of facility upgrades that would be completed if the benefits were provided. He then explained that the facility would be constructed regardless, but the benefits would be used to provide more services, resulting in additional sales tax generation.

Mr. Cuddy asked what labor would be used at the facility. Mr. Marchenese stated that two to four employees would staff the facility at any given time during operating hours.

Mr. Andre asked why it was necessary for the design-build firm to self-perform all of their work. Mr. Bragg explained that this was done because car wash equipment was extremely specialized and that completing the work in this manner allowed for the process to be completely controlled from start to finish, allowing for a better relationship to be established between the owners, engineers, designers, contractors, etc. He explained that the same groups doing the work owned all of the designs and engineering, making it easier for the owner to resolve issues when they occur. Mr. Bragg stated that the installation of the slab was put out for bid, and that they would be using Murphy Bros. for its installation. He then explained that they would be bidding out for additional Masonry work, and requested a list of local Masonry contractors.

Mr. Bragg then explained his reasoning for not placing a priority on the low bids when deciding upon subcontractors, citing reliability and trust as being more important than price in some circumstances. He continued, stating that the equipment is specialized and that they have had bad experiences in the past when basing decisions solely on cost.

Mr. Quill asked if Mr. Bragg had reached out to Casler Masonry, and if there was a reason that they had not bid on the project. Mr. Bragg stated that they had not bid on the project and that he was not given a reason why they had not, stating that he believed they may have been too busy.

Mr. Bragg explained that because of the nature of the self-performed work involved with the design/build process, they would have difficulty adhering to the Board's local labor policy. The Board then discussed various local trades companies that would be able to perform the work. Ms. Verrier stated that there needed to be an agreement reached on how to handle the local labor piece before incentives would be able to move forward.

Mr. Andre stated that he did not believe this was an ideal situation, but understood the reasoning behind using the design/build model for the completion of a project of this type. He then stated that there were spectacular HVAC contractors within Cayuga County and that he would provide a list of Masons and HVAC contractors that would be able to complete the work on the site. He then expressed the importance of using local labor, noting that it was good that they would at least be using regional labor and contractors as opposed to those from outside the state. He then asked how many companies completed self-performed work in this manner. Mr. Bragg stated that he did not believe there were many that worked this way, which is why his company was successful. He explained that it is beneficial for the owner because it limits change orders, which add construction costs and slow down work.

The Board, Mr. Bragg and Mr. Marchenese discussed various amendments to the local labor policy that would be acceptable to the board and achievable by the company. Ms. Verrier asked if adjusting the percentage of local employees to 25% from Cayuga County, 70% from the Region, and 5% from New York State would be acceptable to the Board, and achievable by the business; everyone agreed. Mr. Poyer stated that he would amend the resolution to state that the company would make their best effort to meet the amended local labor policy. Mr. Quill expressed his desire that it was understood this amended policy is for this project only and that there is not a precedent set by amending the policy. Mr. Poyer noted that the amended resolution would state that these percentages apply only to this project.

Mr. Marchenese asked if the percentages were a percentage of the total labor use on the project, or a percentage of the total labor costs. Mr. Bragg explained the difficulty with using project costs for calculating percentages and stated that a percentage of labor used would be more beneficial for everyone. He continued, explaining that the goal would be to utilize local labor for all portions of the project that were not self-performed.

Ms. Kerr asked if the waiver should be tied specifically to certain trades. Ms. Verrier stated that the waiver could be tied to whatever the Board felt was appropriate. Ms. Kerr stated that she felt it necessary local labor was hired wherever possible.

Mr. Dacey asked if the employees of the completed project would be local. Mr. Marchenese stated that all of the employees would be local, noting that his company is from outside the area and that it would not be practical to bring in Managers or other personnel from outside the area.

Mr. Poyer described the amendments to the Resolution that would be presented to the board including changing the project description from 7.4 acres to 4.3 and to describe the agreed upon deviations from the local labor policy noting that this waiver was specific to this project only.

Mr. Dacey then presented the following Resolution to the Board (Complete Amended Resolution Attached):

**RESOLUTION APPROVING THE GRANT OF FINANCIAL ASSISTANCE
AND THE EXECUTION BY THE AUBURN INDUSTRIAL DEVELOPMENT
AUTHORITY (THE "AUTHORITY") OF AN AGENT AGREEMENT AND
RELATED DOCUMENTS WITH RESPECT TO THE ROBERT J
MARCHENESE PROJECT**

Ms. Kerr then moved to accept the Resolution as amended, seconded by Mr. Quill. The resolution was voted upon via voice vote. The motion carried 7-0.

The Board thanked Mr. Marchenese and Mr. Bragg for their time and they left the meeting at 5:40pm.

BILLS AND COMMUNICATION

Mr. Sheppard reviewed the bills, which included invoices from Bergmann (\$2,560), Hancock Estabrook (\$1,918) and Ron LaVarnway for the reimbursement of travel expenses (\$128.93)

totaling \$4,606.93.

REPORT OF THE TREASURER

Mr. Beer discussed the Budget Report and Balance Sheet. He explained the current expenses and anticipated losses, noting that substantial professional services had already been paid for this year. Ms. Verrier then stated that an administrative fee of \$5,000 had been received from Central Building and explained that there additional fees will be incoming following the closing of the Nolan Block project and now Auto Wash.

Mr. Cuddy asked about the disbursement of the loan from the City to assist with the payment of the environmental studies that are being completed on the AIDA owned land parcels. Ms. Verrier explained that they have been slow to be disbursed, but that it will hopefully happen soon.

Mr. Beer noted that it was often non-profits spent right up to budgeted amounts, but that we should still be vigilant with expenses and do what we can to increase revenue.

UNFINISHED BUSINESS (CONT.)

VACANT SEATS: Ms. Verrier stated that the School Board is in the process of finding a replacement for Ms. Salvage and that one would be sent soon, but that the Member of Industry seat is still vacant.

Mr. Dacey discussed the restrictions placed upon the appointment of Board members, specifically the requirement of members to reside within the Auburn city limits. He continued, noting that he has reached out to NUCOR several times and has been unsuccessful in getting someone to commit. Ms. Verrier stated that they could be worried about conflicts with travel schedules and availability.

Mr. Quill asked if it would have to go through the state to change the requirements of the seat. Ms. Verrier confirmed.

Mr. Cuddy asked what actually constituted the definition of "Industry", questioning if the potential Prison City Brewing expansion could result in someone from there being considered a member of industry. Ms. Verrier explained that state law determines the definition of industry. Mr. Poyer stated that he would look into the definition and get back to the Board.

Mr. Dacey asked for any names of individuals or businesses to be sent on to himself and the Mayor. Mr. Quill stated that clarification on the definition of industry would be necessary prior to any appointment.

UPCOMING EVENTS

Ms. Verrier provided an update on upcoming events.

ADJOURNMENT

Motion to adjourn made by Mr. Quill, seconded by Mr. LaVarnway. All members present voted in favor; meeting adjourned at 6:10 pm.

Next regularly scheduled meeting Wednesday June 21, 2017 @ 5:00pm in the First Floor Conference Room of the Chamber Offices, 2 State St.

RESOLUTION
(Robert J Marchenese LLC)

A regular meeting of Auburn Industrial Development Authority was convened at 2 State Street in the City of Auburn, on June 21, 2017 at 5:00 p.m.

The following resolution was duly offered and seconded, to wit:

RESOLUTION APPROVING THE GRANT OF FINANCIAL ASSISTANCE AND THE EXECUTION BY THE AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY (THE "AUTHORITY") OF AN AGENT AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE ROBERT J MARCHENESE PROJECT

WHEREAS, the Auburn Industrial Development Authority (the "**Authority**") is authorized and empowered by the provisions of the Auburn Industrial Development Authority Act, Chapter 915 of the 1969 Laws of New York constituting Title 15 of Article 8 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of New York, as amended (the "**Act**"), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities, and facilities for use by a federal agency or medical facility, among others, and thereby to advance the job opportunities, health, general prosperity and economic welfare of the people of the City of Auburn and improve their medical care and standard of living; and

WHEREAS, Robert J Marchenese LLC (the "**Company**") has requested the Authority's assistance with a certain project (the "**Project**") consisting of: (i) the acquisition of 1 parcel of land located at 226 Grant Avenue (Tax Map No. 109.65-1-1) in the City of Auburn totaling approximately 4.74 acres (the "**Land**"); (ii) the demolition of existing structures located on the Land and construction thereon by the Company of 1 new building totaling approximately 3,142 square feet for use as a car wash facility (the "**Building**"); and (iii) the acquisition and installation in and around the Building by the Company of certain items of machinery, equipment and other tangible personal property (the "**Equipment**" and, together with the Land and the Building, the "**Project Facility**"); and

WHEREAS, the Authority desires to encourage the Company to preserve and advance the job opportunities, health, general prosperity and economic welfare of the people of the City of Auburn, New York by undertaking the Project in the City of Auburn, New York; and

WHEREAS, pursuant to Section 2307 of the Act, the Authority is not required to hold a public hearing with respect to the Project; and

WHEREAS, the Authority will appoint the Company as its true and lawful agent to undertake and complete the Project pursuant to the terms of an Agent and Financial Assistance and Project Agreement to be dated as of June 1, 2017 (the "**Agent Agreement**") by and between the Authority and the Company; and

WHEREAS, the City of Auburn Planning Board (the "**Planning Board**"), as lead agency, has issued a negative declaration with respect to the Project pursuant to the State Environmental Quality Review Act ("**SEQRA**"); and

WHEREAS, the Project appears to constitute an Unlisted Action pursuant to 6 NYCRR § 617.2(ak); and

WHEREAS, the execution of the Agent Agreement and related documents, and the granting of financial assistance to the Company will help to improve the Project and enhance opportunities for the citizens of the City of Auburn.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY AS FOLLOWS:

Section 1. The Company has presented an application in a form acceptable to the Authority. Based upon the representations made by the Company to the Authority in the Company's application, the Authority hereby finds and determines that:

(A) By virtue of the Act, the Authority has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act;

(B) The Authority has the authority to take the actions contemplated herein under the Act;

(C) The action to be taken by the Authority will further the purposes of the Authority under the Act by increasing employment opportunities in the City of Auburn, preventing economic deterioration and otherwise furthering the purposes of the Authority as set forth in the Act;

(D) The Project will not result in the removal of a civic, commercial, industrial, or manufacturing plant of the Company or any other proposed occupant of the Project Facility from one area of the State of New York (the "**State**") to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project Facility located within the State; and the Authority hereby finds that, based on the Company's application, to the extent occupants are relocating from one plant or facility to another, the Project is reasonably necessary to discourage the Project Facility occupants from removing such other plant or facility to a location outside the State and/or is reasonably necessary to preserve the competitive position of the Project Facility occupants in their respective industries;

(E) The Authority accepts the SEAF for the Project as complete and accurate; and

(F) Based upon a thorough examination and analysis of the SEAF, along with the Negative Declaration issued by the City of Auburn Planning Board for the Project, along with a review of the SEQRA regulations at 6 NYCRR §617.7 and based further on the Authority's knowledge of the area surrounding the Project and such further investigation of the Project and its environmental effects, the Authority makes the following findings and determinations with respect to the Project:

- (1) The Project and entry into an Agent Agreement for the Project constitutes an "Unlisted Action" as said quoted term is defined in the SEQRA regulations at 6 NYCRR §617.2(ak), and, therefore, coordinated review is optional;
- (2) The Project and entry into an Agent Agreement for the Project will result in no significant environmental impacts and, therefore, is one which will not have a significant effect on the environment. Therefore, the Authority hereby determines that the Project will not have a significant effect on the environment, and the Authority will not require the preparation of an "Environmental Impact Statement";
- (3) As a consequence of the foregoing, the Authority has decided to prepare a "Negative Declaration" with respect to the Project and the Authority's entry into an Agent Agreement for the Project.

Section 2. The Authority hereby approves financial assistance for the Project in the form of an exemption from all state and local sales and use taxes with respect to the qualifying personal property included in or incorporated into the Project Facility or used in the acquisition, construction, renovation and equipping of the Project Facility.

Section 3. The Authority hereby appoints the Company as its true and lawful agent to (A) acquire, construct and equip the Project Facility; (B) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings, instructions, as the agent for the Authority, with the authority to delegate such agency, in whole or in part, to agents, subagents, contractors, and subcontractors, and to such other parties as the Company reasonable designates; and (C) to do all other things that may be requisite and proper for completing the Project, with the same powers and validity vested in the Authority; provided, however, that the agency shall expire on June 20, 2019, unless extended by the Authority.

Section 4. The Authority hereby approves a deviation from its Local Labor Policy for this Project, and only this Project, as follows: the Company shall use its best efforts (A) to employ residents of Cayuga County to complete not less than twenty-five percent (25%) of the scope of work for the Project; (B) to employ residents of the local region to complete not less than seventy percent (70%) of the scope of work for the Project; and (C) to employ residents of the State of New York to complete not less than five percent (5%) of the scope of work for the Project.

Section 5. The Authority may, pursuant to Section 2326-a of the Act, recover or recapture from the Company, its agents, subagents, contractors, subcontractors, or any other party authorized to make purchases for the benefit of the Project (each a "**Company Party**" and, collectively, the "**Company Parties**"), any sales and use tax exemption benefits obtained or purported to be obtained by the Company Parties if it is determined that: (A) any Company Party is not entitled to sales and use tax exemption benefits; (B) the sales and use tax exemption benefits are in excess of the amounts authorized to be taken by any Company Party; (C) the sales and use tax exemption benefits are for property or services not authorized by the Authority as part of the Project; (D) the Company has made a material false statement in its application for financial assistance; and/or (E) the sales and use tax exemption benefits are taken in cases where a Company Party fails to comply with a material term or condition to use property or services in the manner approved by the Authority in connection with the Project (each a "**Recapture Event**").

As a condition precedent to receiving the financial assistance set forth in Section 2, above, the Company must, upon the Authority's determination that a Recapture Event has occurred, (A) cooperate with the Authority in its efforts to recapture any sales and use tax benefits and mortgage recording tax abatement benefits; and (B) pay over to the Authority, on demand, any amounts required to be recaptured.

Section 6. The Chairman, Vice Chairman or any other officer of the Authority is and are hereby authorized, on behalf of the Authority, to execute and deliver the Agent Agreement, and related documents (collectively, the "**Authority Documents**") in the form and with such changes as shall be approved by the Chairman and/or Vice Chairman upon execution.

Section 7. The Chairman, Vice Chairman or any other officer of the Authority is and are hereby authorized, on behalf of the Authority, to execute and deliver the Authority Documents and any such other documents and agreements as may be necessary to carry out the intent of these resolutions; and, where appropriate, the Secretary or Assistant Secretary of the Authority is hereby authorized to affix the seal of the Authority to the Authority Documents and to attest the same, all with such changes, variations, omissions and insertions as the Chairman and/or Vice Chairman of the Authority shall approve, the execution thereof by the Chairman and/or Vice Chairman of the Authority to constitute conclusive evidence of such approval; provided in all events recourse against the Authority is limited to the Authority's interest in the Project.

Section 8. The officers, employees and agents of the Authority are hereby authorized and directed for and in the name and on behalf of the Authority to do all acts and things required and to execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Authority with all of the terms, covenants and provisions of the documents executed for and on behalf of the Authority.

Section 9. These Resolutions shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to a vote which resulted as follows:

	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstain</u>
James A. Dacey, Chairman	x			
William Andre, Member	x			
Monika Salvage, Member			x	
Roger Beer, Member	x			
Terry Cuddy, Member	x			
Michael Quill, Member	x			
Tricia Kerr, Member	x			
Ronald LaVarnway	x			

This Resolution was thereupon duly adopted.

STATE OF NEW YORK)

COUNTY OF CAYUGA) SS:

I, the undersigned Secretary of the Auburn Industrial Development Authority, DO
HEREBY CERTIFY:

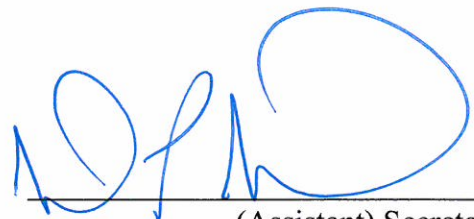
That I have compared the annexed extract of minutes of the meeting of the Auburn Industrial Development Authority (the "**Authority**"), including the resolution contained therein, held on June 21, 2017, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Authority and of such resolution set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

I FURTHER CERTIFY, that all members of said Authority had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with such Article 7.

I FURTHER CERTIFY, that there was a quorum of the members of the Authority present throughout said meeting.

I FURTHER CERTIFY, that as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Authority this 21st day of June, 2017.



(Assistant) Secretary
JOSEPH SHEPPARD

[SEAL]