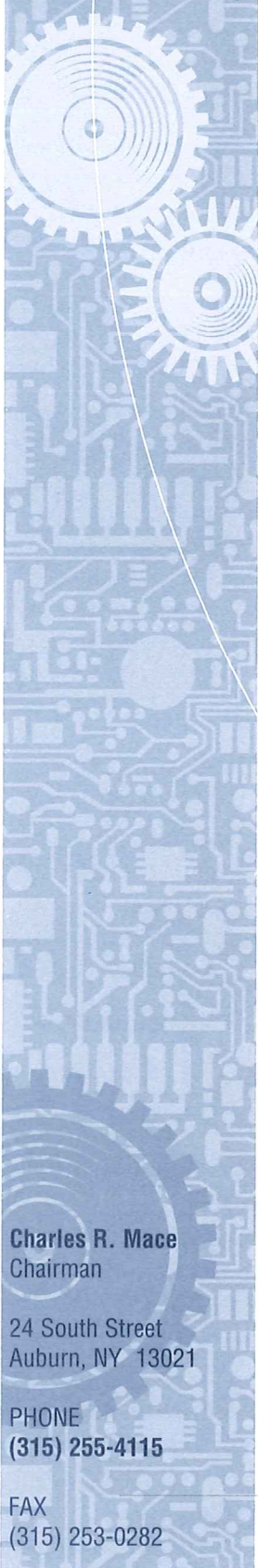




Auburn Industrial
Development Authority



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MEETING MINUTES

AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY

Tuesday, October 09, 2012 @ 5:00 PM

City Council Chambers

Memorial City Hall

Board Present:

Michael Kane (Acting Chairman, Member of Industry);
Sue Chandler, (Member of Labor);
William Graney (Council Member);
Amanda Sigona (School Board Member);
Matthew Smith (Council Member);
Frank DeRosa (At-Large Member)

Excused:

James Dacey (Chair & Member of Business);

Absent:

Laurie Didio (At- Large Member);

Staff:

Jennifer Haines, AIDA Executive Director;
Stephen Selvek, OPED;
Rob Poyer, Hancock and Estabrook

Guests:

John Currier and Michael Cartner, Currier Plastics
Dan Soules and Amy Signorelli, WST33, LLC

PUBLIC HEARING

Gen-West Associates, LLC has requested the Authority's assistance with a certain project consisting of (i) the acquisition of (A) approximately 6 acres of land located at 34 Wright Avenue; and (B) approximately 1 acre of land located at 87 Columbus Street; and (ii) the addition of the Land via a lot line adjustment to the approximately 20 acres of land currently owned by the Company located at 101 Columbus Street which is improved with a manufacturing facility totaling approximately 79,000 square feet; (iii) construction on the Land of a new 59,000 square foot building; and (iv) the installation of equipment therein for use as a plastics manufacturing and warehouse facility.

Public Hearing opened by Mr. Kane at 5:02 PM

Mr. Cartner recapped proposed Currier Plastics expansion project. Explained that second public hearing was only necessary due to an error with the property description originally provided.

No other speakers.

Public Hearing closed by Mr. Kane at 5:05 PM

PUBLIC HEARING

WST33, LLC has requested the Authority's assistance with a certain project consisting of (i) the acquisition of approximately 0.769 acres of land located at 161 Genesee Street improved by 1 building totaling approximately 8,000 square feet; (ii) demolition of the Existing Improvements; (iii) construction on the land of a new 20,000 square foot building and parking improvements; and (iv) the acquisition and installation in and around the Building by the Company of certain items of machinery, equipment and other tangible personal property.

Public Hearing opened by Mr. Kane at 5:05 PM

Mr. Soules noted that there had been no substantial changes to the project as presented at the last meeting.

Ms. Connie Reilly, Exec. Dir. of Auburn BID spoke in favor of the project. She successfully worked previously with Mr. Soules on his professional building as part of the Main Street Program. The proposed project will complement other buildings and properties on the west end of Downtown.

Mr. David Contiguglia, representing Sts. Peter and John Church spoke in favor of the project. The church will be selling property to Mr. Soules for this project. Church is enthusiastic about the project because it will improve handicap access to the church. Sale has stage-1 approval from diocese. Church members are in favor of the project as it will enhance their community. Concerned that too much of a buffer better church and the project site would make handicap access more difficult.

Public Hearing closed by Mr. Kane at 5:14 PM

Regular meeting of AIDA opened by Mr. Kane at 5:14 PM

Approval of Minutes

No action taken on August 13, 2012 & August 27, 2012 meeting minutes as quorum for those minutes was not present.

Request by Mr. DeRosa to amend page 3 of the September 12, 2012 meeting minutes to read "but the rents only reflect the *value* of 1 Million" and not *income*.

Ms. Haines agrees to make the correction.

Motion to approve September 12, 2012 meeting minutes by Ms. Chandler, Second by Mr. Graney, All vote in favor. Motion carried.

Gen-West Associates, LLC – Closing authorization

Mr. Poyer states that 3 votes are needed for the Currier Plastics project. The first vote is to accept the SEQRA findings of the City of Auburn Planning Board issuing a negative declaration. The second vote is acceptance of the PILOT proposal and an authorization to close. Authorization to close includes Agent Agreement, Lease Agreement, Lease-back Agreement, and PILOT Agreement. Also, memorandum of Lease Agreement and Lease-back Agreement for recording purposes. The third vote is for AIDA to join in the mortgage to First Niagara because AIDA is taking an interest in the real property.

Motion to accept the Planning Board's SEQRA negative declaration Mr. Graney, Second by Ms. Chandler. All vote in favor. Motion Carried.

Motion to accept the PILOT proposal and authorize closing Mr. Graney, Second by Mr. Smith. All vote in favor. Motion Carried.

Motion to join in the mortgage to First Niagara Mr. Graney, Second by Mr. DeRosa. All vote in favor. Motion Carried.

WST33, LLC – "Plaza of the Arts" Discussion of application

Ms. Haines explains that the purpose of the meeting is to further discuss Mr. Soules' project, asks that the board give direction regarding other PILOT scenarios they want

prepared, and asks that the Board set a date for a meeting to vote on the project.

Mr. Soules states that the cap rate on the project, based on a net operating income of \$193,450, is 6%

Mr. DeRosa states that he wants to use a standard format to calculate cap rate for real estate development to evaluate and compare projects to one another.

Mr. Soules explains that the cash-on-cash calculation is equal to 4.6%.

Mr. Graney asks about a \$700,000 grant Mr. Soules applied to the State for.

Mr. Soules states that they did apply, but don't know if it will be awarded. The project has an additional \$1M to \$1.5M in build-out costs. The build-out needed to move his corporate headquarter to this location will be at least \$200,000 alone. The project, before the build-out is likely to exceed the initial \$3M estimate.

Mr. Soules explained that WST, LLC. owns 12 companies and because of its size and function does not require an end-year audited accounting statement. WST is working with 4 lending institutions and has received letters of interest from 9 prospective tenants. Lenders are not willing to provide a full letter of commitment until tenants are secured.

Mr. Graney asks if any of the possible tenants are in Auburn already.

Mr. Soules states only 1 of the prospective tenants is within Auburn. This company currently rents space from him and is looking to expand.

Mr. Soules explains sales tax revenue to the City. Based on \$4M in total sales, the City would receive \$80,000 in revenue. While the City would only forgo \$16,000 is sales tax revenue due to the exemption on building materials.

Ms. Haines states that she awaiting information regarding the property tax cap from the City Comptroller and Assessor and will provide that to the Board at the next meeting.

Mr. DeRosa states that there is an economic trickle-down effect when a new business opens. A mistake often made is applying the same multiplier to a manufacturer, which is higher, to a retail operation.

Mr. Soules explains developing for offices, retail, and restaurants is the new industry. This provides space that can continue to be used by new businesses if one were to be unsuccessful. This project includes capital reinvestment into the building, so that the project can be successful over the long run.

Mr. DeRosa explains a sample spreadsheet, titled Estimated Net Economic Benefit to the City, which he sent to the Board. Suggests using it as a format for evaluating projects and acknowledges that some companies, such as a real estate development company, may not need to have full-blown financial statements. If the Board was to waive the requirement for financial statements, he suggests that a standard format including the cap rate and cash-on-cash return be used to evaluate proposals.

Ms. Haines asks the Board for any other scenarios they would like prepared.

Mr. DeRosa confirms initial request was for 30-years and states, based on policies discussed in the strategic planning, 30 years is out of the ball park.

Ms. Chandler requests 10 & 15 year scenarios.

Mr. Graney asks for 10, 15, & 20 year scenarios.

Mr. Smith asks for an estimate of the demolition debris, because Mr. Soules proposal requested that the tipping fees be waived.

Mr. Soules will check with his engineer for an estimate on demolition debris.

Mr. Soules states that he is interested in a partnership with the City and is seeking a project that is tax neutral for the City. The project benefits the City by removing a deteriorating building, generating new sales tax revenue,

and improving the neighborhood. Mr. Soules recaps his business growth over 36 years as a member of the Auburn community.

Ms. Haines asks the Board for any further information they need, from Mr. Soules or Staff, to make a decision on the application. Will provide the tax cap information from the Assessor, have Mr. Soules enter the financial data in to the format requested by Mr. DeRosa, and prepare 10, 15, and 20 year PILOT scenarios. Then notes that the Planning Board has completed SEQRA issuing a Negative Declaration and the ZBA has granted the necessary variance for the project.

Mr. Soules states that if timing of the approvals permits, they would like to be underway with the project this fall.

Next AIDA meeting is set for October 29, 2012 at 5:00 PM.

Other business that may come before the Board

Mr. DeRosa asks that Board members respond to meeting requests and other e-mails within 48 hours.

Mr. DeRosa states he would like to keep the lines of communication open with the City and School while evaluating AIDA applications.

Mr. Smith states that he has requested financial projections from the City Manager and the Comptroller that should be shared with AIDA before negotiating new PILOTs to see how past PILOTs have affected the City's budgeting.

Mr. Graney requests executive session to discuss pending litigation against the City.

Mr. Poyer recommends against executive session and instead suggests a meeting, following the adjournment of this meeting, under attorney-client privilege.

Motion to adjourn by Mr. Graney, Second by Ms. Chandler, All vote in favor. Motion carried.

Meeting adjourned at 6:00 PM.

Prepared by: Stephen Selvek