



Auburn Industrial
Development Authority

AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY

MEETING MINUTES

Monday, May 14, 2012 @ 3:00 PM

Council Chambers

Memorial City Hall

Board Present: James Dacey (Chair); Sue Chandler (Member of Labor); William Graney (Council Member); Laurie Didio (At-Large Member); Michael Kane (Member of Industry); William Andre (School Board Member); Matthew Smith (Council Member); Monika Salvage (At-Large Member)

Present: Rick Cook & Rob Poyer (Hancock & Estabrook); Elaine Buffington (Buffington & Hoatland CPA's)

Staff: Jennifer Haines (Executive Director); Tricia Ottley (Planning & Economic Development Program Manager); Douglas Selby (City Manager); Mike Burns (City Assessor); Fred Farrell (Appraiser); Maureen Pesek (OPED Secretary)

Guests: Councilors Camardo & Ruzicka; Matteo Bartolotta & Joe Bartolotta – JBJ Real Property, LLC

1.) ~ Approval of Minutes

James Dacey said the minutes for the previous meeting hadn't been transcribed, but would be for the next meeting.

2.) ~ JBJ Real Property, LLC

Jenny Haines said the Board had asked for additional financial information including sales tax figures and cost per job, and that all of that information had been e-mailed to the Board, as well as hard copy sent. She also impressed upon the members of the Board the confidentiality of this information.

Matt Smith asked Mike Burns (City Assessor) to explain how PILOT's and the new tax cap affect City taxes. He went on to say:

~ that because he and Bill Graney are also City Councilors, they have to look at the whole picture

~ the taxpayer needs more than a "rose colored glasses" analysis

~ while he likes the project, he is against the length of the PILOT

James A. Dacey
Chairman

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- ~ we need to be more responsible and use discretion to the use of PILOT's
- ~ Empire Zone is a total failure
- ~ Real Estate development hasn't been a job producer

James Dacey said that PILOT's are also for blighted areas.

Bill Graney asked Mike Burns to explain to the Board the formula for the tax cap levy. (see attached) He also said that we need to try to implement the 485a & 485b.

Monika Salvage made a motion @ 3:40, to enter into executive session for the purpose of property acquisition and confidential financials, and Bill Graney second. Motion carried.

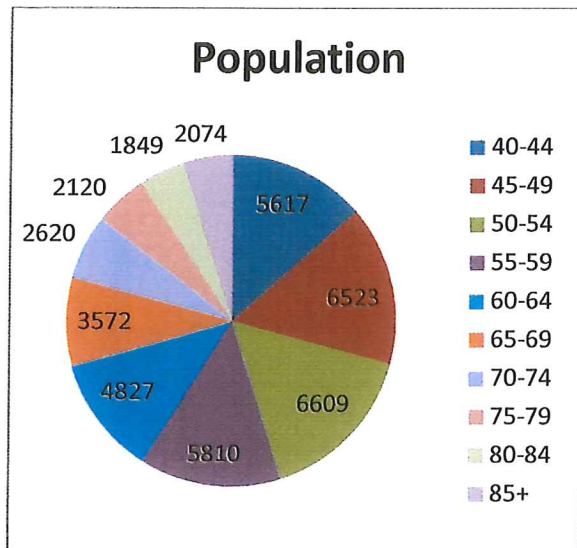
At 5:55 Mike Kane made a motion to come out of executive session and Sue Chandler second. Motion carried.

A tentative date of June 4, 2012 @ 4:00 PM, was set for the next meeting.

Mike Kane made a motion to adjourn and Matt Smith second. Motion carried.

Minutes respectfully submitted by: Maureen Pesek

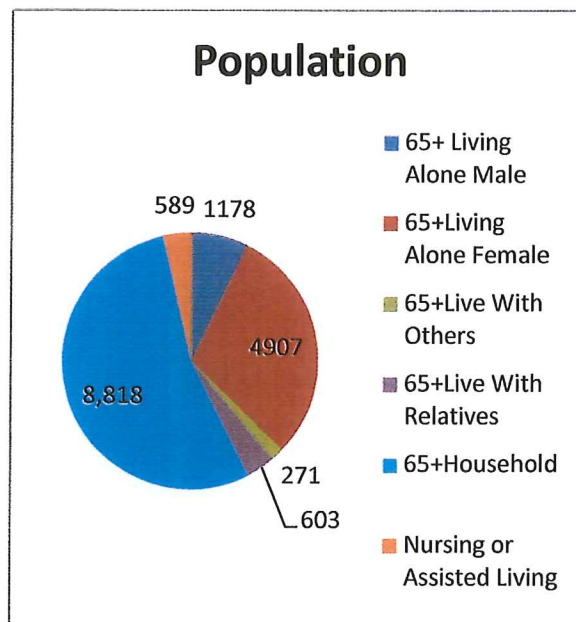
Demographics



Senior Population as of 2010 Census

This chart also shows those who will be seniors within 25 years the potential population.

Perception Senior Population is growing is false. Senior growth in Cayuga County is stable.



Where Senior Live

17,062 Persons over 65

8,818 Live in Senior Households were at least one person is over 65.

1117 Males over 65 living alone

2655 Females over 65 living alone

603 Over 65 living with relatives

271 Over 65 living with others

495 Units of Low Income Senior Living

42 Units Bluefield Manor Senior Living

589 Nursing Home Beds

INCOME APPROACH TO VALUE

Number of Units	Type	Bedrooms	Square Footage	Rent Monthly Per Unit	Total Monthly Potential Income	Total Yearly Potential Income
21	Type A	1	625	815	17115	205380
4	Type A2	1	752	850	3400	40800
4	Type A1	1	850	880	3520	42240
18	Type B1	2-1 Bath	800	950	17100	205200
12	Type B	2-1 Bath	810	960	11520	138240
33	Type C	2-1.5 Bath	857	1015	33495	401940
6	Type C	2-1.5 Bath	839	1005	6030	72360
6	Type D1	2-1.5 Bath	1001	1035	6210	74520
6	Type D1	2-1.5 Bath	1017	1050	6300	75600
110	Totals		7551		104690	1256280
Miscellaneous Income						
75	Garage	1 Space		75	7500	90000
?	Laundry					0
?	Vending					0
Potential Gross Income						1,346,280

Current Market Vacancy Statistics:

* 3.2% Vacancy in general for Greater Syracuse Market

Rental Market

*Market Absorption of Existing Stock is 4%

*New Construction Rate is at zero as is the Construction/Absorption Ratio

*Trending shows vacancy decreasing, absorption increasing and market rents moderately increasing.

*No Market Data for Collection Cost

Potential Gross Income 1,346,280 X 3.2% = **43,080.96 Vacancy Loss**

Potential Gross Income 1,346,280- Vacancy Loss 43,080.96=**1,303,199 Effective Gross Income**

Expense	Yearly Total	*Reserve for replacement seems below government
Utilities	39600	reserve fund requirements of 1000 per unit. Market will
Cablevision	36300	tend to provide 400 per unit.
Insurance	18000	
Grounds/Snow	20000	*Lease terms tend to promote owner as manager on
Common Areas	30000	allowance made for management fees.
Maintenance	45000	
Manager	40000	*Expense Ratio is within market survey of
Administrative	7500	approximately 2300 dollars per unit or 253000
Security	5500	considering New York State cost adjustments.
Management	0	
Reserve for Replacement	22000	*Real Property Taxes are not included in expenses
Total Expenses	263900	however recaptured in the capitalization rate.
Percent of Gross Income	0.20250169	

Effective Gross Income 1,303,199 - Expenses 263,900 = 1,039,299 **Net Operating Income**

NET OPERATING INCOME 1,039,299

RENTAL MARKET INDICATED CAPITALIZATION RATE 7%

REAL PROPERTY TAXES 38.26 PER 1000 AT 100% EQUALIZATION 3.8%

WEIGHTED CAPITALIZATION RATE 10.826% OR 10.8%

INDICATED VALUE BY DIRECT CAPITALIZATION 9,623,139

(POTENTIAL REAL PROPERTY TAXES AT 38.26 PER 1000 = 368,181)

691,000 Yearly Debt Service Interest and Principal

9,511,498 Present Value –Mortgage 6%, 30 year with 691,000 yearly payments

.07- Mortgage Constant Rm

9,511,498- 70% Mortgage: Market Terms 70/30 Loan to Value, 5.03 interest, 24 year

11,889,372- Full Value of Mortgage 2,377,784- Equity Portion or down payment

1,039,299 Potential One Year's Income / 2,377,874 Equity Investment

.43- Equity Constant R_E

.70 Mortgage Ratio X Mortgage Constant .07=.049 say 5% lender's return +

.20 Equity Ratio X Equity Constant .43=.086 say 8.6% investor's return

.136 say 14% Overall Capitalization Rate R_o

14% + 3.8% = 17.8% Weighted Capitalization Rate

1,039,299 Yearly Potential Gross Income / 17.8 Weighted Capitalization Rate

5,838,758- Indicated Value by the Band of Investment Approach to Capitalization

(POTENTIAL REAL PROPERTY TAXES AT 38.26 PER 1000 = 223,391)

SALES COMPARISON APPROACH TO VALUE

Sale Date	Address	Municipality	Seller	Buyer	Square Foot	Beds	Sale Price	/Square Foot
8/19/2012	6055 Armor Dulls Road	Orchard Park	Stayton Senior	BRE	130,518	88	17,017,436	130.3838245
3/16/2012	328332 Chestnut Street	Oneonta	Cortland-Clinton	320 Chestnut LLC	26,770		1,600,000	59.76839746
8/5/2011	31 Oswego Street	Hannibal	Dodd	Concepcion	5046	20	625,000	123.8604836
5/16/2011	3456 Delaware Avenue	Buffalo	Community Facilities	Kenwell Properties	44,298		23,200,000	523.7256761
1/13/2011	2987 Seneca Street	Buffalo	McGuire Manor	Nationwide Health	60,690		8,872,711	146.1972483
12/23/2010	3979 Forest Park Way	Towanda	RM1 Holdings	RM1B Holdings	64,000	75	8,101,430	126.5848438
9/12/2007	501 Clubhouse Road	Vestal	Wegman & Manor	Meriweg	52,718		7,654,665	145.2002162
9/10/2007	100 Miller Street	Gowanda	Tripodi	Miller Street LLC	68,620		2,854,800	41.60303119
7/5/2006	901 Cedar Avenue	Niagara Falls	Niagara Towers	Niagara II	144300	216	7,937,000	55.003465
							Median:	126.5848438

Proposed project 37,991 Square Foot at Median Market Sale Price for Senior Living Facility Sales 126.58 per Square Foot

Indicative Value through a very Cursive Sales Analysis 4,808,901 +212,400 Garage Space=**5,021,301**

RECONCILIATION OF VALUE

Indicated Value by a Very Rudimentary and Cursive Sales Comparison Approach 5,021,301

Indicative Value by a Detailed Income Approach to Value 5,838,758

Indicative Value by Simple Capitalization Approach to Income and Value 9,623,139

Indicative Value by the Cost Approach to Value 9,282,900

Reconciled Value of this Project as Presented **6,000,000**

OVERALL TAX ANALYSIS

Potential Value Income Approach To Value	6,000,000
Current City Tax Rate 12.77/1000	
Potential City Tax Revenue Yearly	76,620 Years 2014-2018
	82,750 Years2018-2022
	89,370 Years2022-2026
	96,520 Years 2026-2029
Total Anticipated Tax Revenue	1,381,040
Internal Rate of Return on Tax Revenues	4%
Net Present Value of Future Tax Revenue	
Cash Flow	412,872
Total Pilot Payment City Pro-Rated	878,145 2,630,997-38.26 rate
	then 878,145-12.77 city rate
Tax Benefit To Developer	502,895