

Onondaga County Industrial Development Agency
Regular Meeting Minutes
October 7, 2014

The regular meeting of the Onondaga County Industrial Development Agency was held on Tuesday, October 7, 2014 at the 333 West Washington Street, Syracuse, New York in the large conference room on the first floor.

Chairperson Daniel Queri called the meeting to order at 8:00 am with the following:

PRESENT:

Daniel Queri
Patrick Hogan
Janice Herzog
Victor Ianno
Lisa Dell
Steve Morgan

ABSENT:

Jessica Crawford

ALSO PRESENT:

Julie Cerio, Office of Economic Development
Kristi Smiley, OCIDA, Secretary & Treasurer
Honora Spillane, Office of Economic Development
Linda McShane, Office of Economic Development
Tony Rivizzigno, Gilberti Law Firm
Sarah Wisnewski, Gilbert Law Firm
John O'Brien, Pioneer
Katie Armijo, Pioneer
Michelle DeNio, Unimar, Inc.
Kevin McAuliffe, Hiscock & Barclay
James Mahaney, County Legislature

APPROVAL OF REGULAR MEETING MINUTES – SEPTEMBER 17, 2014

Upon a motion by Lisa Dell, seconded by Victor Ianno, the OCIDA Board approved the regular minutes of September 17, 2014. Motion was carried.

TREASURER'S REPORT

Kristi Smiley gave a brief review of the Treasurer's Report for the month of September 2014.

Lisa Dell asked how White Pine doing. Kristi Smiley stated that it is doing well. She stated that she spoke with a woman from Shovel Ready a few weeks back. She stated that the application looks great and it is just making its way through the final different agencies. She stated that it is a volunteer thing to get through the shovel ready certification.

Upon a motion by Victor Ianno, seconded by Steve Morgan, the OCIDA Board approved the Treasurer's Report for the month of September 2014. Motion was carried.

PAYMENT OF BILLS – SCHEDULE #378

Kristi Smiley gave a brief review of the OCIDA Payment of Bills Schedule #378.

Upon a motion by Lisa Dell, seconded by Janice Herzog, the OCIDA Board approved the Payment of Bills, Schedule #378 with General Expenses being \$86,338.07 and PILOT payments to Village of East Syracuse for \$34,506.00, Baldwinsville Schools for \$1,529,954.00, East Syracuse Minoa Schools for \$371,259.36, Fayetteville Manlius Schools for \$393,473.52 and Skaneateles Schools for \$38,506.43. Motion was carried.

CONFLICT OF INTEREST DISCLOSURE

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

6006 FAIR LAKES DRIVE HOTEL, LLC: SEQR & INDUCEMENT

John O'Brien stated that there was some question on where the hotel property was located. He showed the Board an aerial site plan and elevations to where the hotel is and what it is. He stated that the business park was purchased by Pioneer back in 1986 and developed as a master planned office park. He stated that as it evolved as the suburban office market changed. He stated that they added a hotel at Hilton Garden Inn which is to the west and adjacent to the project. He stated that they have one 2.8 acre piece that has been vacant/available/for sale for nearly 30 years. He stated that in 2012 Homewood Suites franchise which had been tied up with a site on Carrier Circle

became available because of the lack of activity and a lack of the project moving forward. He stated that because they were a Hilton franchise at the time purchased the license in 2012 and they have held it ever since waiting for markets to turn. He stated that it is Hilton's answer to the market segment that is the upscale extended market. He stated that extended stay being nights of five or more and more of a home style room set up with kitchenettes, couches and living rooms. He stated that it typically caters a lot to R & D, training, people here on special projects, visiting educators, professors and that kind of thing. He stated that because we are centrally located they have seen it for years at the Hilton Garden is that regional people will come here and use it kind of as a hub and spoke for traveling to Watertown, Utica, Rochester or Binghamton and stay for an extended period of time rather than traveling from town to town. He stated that they believe it is the right time for this project and is something that they would like to move forward with. He stated that they are asking for \$542,000 worth of benefits. He stated that 31 full time equivalents will be hired at the new hotel. He stated that there will 75 temporary construction jobs probably for a period of 8months. He stated that there will be an ongoing benefit of \$386,000 goods and services plus lodging occupancy tax and sales tax to the County and State.

Daniel Queri asked what the anticipated opening date is. John O'Brien stated that they would be able to start almost immediately.

Daniel Queri asked Kristi Smiley if she is comfortable the information that has been provided for meeting all the criteria relative to tourism. Kristi Smiley stated that they have met and proven that more than a significant amount of the revenue will come from outside the area. She stated that she believes it is in the 90%. John O'Brien stated that it is 96% and 80% from out of State.

Kristi Smiley stated that they meet that requirement and also it is a service not competing directly with a lot of the other hotels in the area by the way that they are differentiating themselves as an extended stay. She stated that they do meet the tourism requirement.

Upon a motion by Victor Ianno, seconded by Janice Herzog, the OCIDA Board approved a resolution for SEQRA purposes concerning the environmental significance of the 6006 Fair Lakes Drive Hotel, LLC project. Motion was carried.

Upon a motion by Lisa Dell, seconded by Janice Herzog, the OCIDA Board approved a resolution for a straight lease transaction for the 6006 Fair Lakes Drive Hotel, LLC project consisting of a new 101 room Homewood Suites extended stay hotel by Hilton in the Town of Dewitt. Motion was carried.

INFICON: PILOT AND LOCAL ACCESS WAIVER

Kevin McAuliffe stated that there is a component of this construction that is special metal panels that are part of the project. He stated that the GC, Haynor Hoyt, put it out for bid and they received 5 responses. He stated one was from a Syracuse company, 3 from Rochester and 1 from Elmira. He stated that the Syracuse company was originally higher than everybody else by \$150,000. He stated that the lowest bid was the Elmira company and for all practical purposes is just outside our defined local area. He stated that they went back to the Syracuse bidder to see if they could do anything with it and they lowered their bid some but they are still \$81,000 higher than the Elmira company and about \$55,000 higher than the 3 Monroe County bids. He stated that they are asking for a waiver. He stated that they have a lot of specialized things going in but they have been able to accommodate and have local electricians, local HVAC install the special clean room equipment. He stated that they are asking for a waiver only on this one and they have tried. He stated that they are asking for a waiver on that one component.

Daniel Queri asked if that is because they are the sole distributor of the product. Kevin McAuliffe stated that he has run into this problem before where a company knows that it has the regional market and it becomes aware of IDA policies through various pieces of literature. He stated that he takes it as a rather negative sign if somebody is \$150,000 higher and you make a phone call and they suddenly take \$70,000 or \$80,000 off of a bid. He stated that is a substantial drop on a single phone call and that tells him the original margin may have been an excessive margin.

Lisa Dell stated that because bids were asked they can't bid it out again. Kevin McAuliffe stated that it is a specialized metal panel that very few people have. He stated that there is only one in the whole area and they have the market locked up.

Victor Ianno stated that there is still \$80,000 discrepancy between the low price and their adjusted price. Kevin McAuliffe agreed. He stated that is a lot of money on something that is \$350,000 to \$431,000. He stated that it is a big difference at that level. He stated that in his opinion on something this low and there are \$80,000 differentials than he thinks we give the Elmira people a go.

Victor Ianno asked Tony Rivizzigno if the Agency is mandated by the bylaws or charter that we have to keep everything local. Tony Rivizzigno stated that we have a right to waive the policy.

Daniel Queri stated that the Agency agreed initially to the local access component of the project. Kristi Smiley stated yes.

Victor Ianno asked if we will receive any flack because we waived the policy. Tony Rivizzigno stated that the Agency has done this before and this is not the first time that we waived the policy. Janice Herzog asked if the Southern Wine waiver was for out of state. Kristi Smiley stated yes.

Victor Ianno asked if the Syracuse company came to the IDA and asked why we did it what would we say to them. He asked would we tell them that the price was out of line.

Pat Hogan stated that they might also say why you gave this company a significant tax break and then go outside the contiguous area too. He stated that here is a local guy trying to make a living and paying taxes and the IDA gives a break to a company then go outside the area to get the product.

Lisa Dell stated that she saw the counties that are considered contiguous in the local access and asked if they think about any county in New York. Kristi Smiley stated that this is the Agency's policy not the State's policy that was made probably 8 years ago. She stated that she thinks at that time it seemed appropriate and may be something that the Board wants to look at again in terms of the area surrounding.

Kristi Smiley stated that in the package that the Board received is a list of contractors at this point that they have secured are all local. She stated that CSR report is maintained and updated continually in order for the Agency to continue granting those benefits.

Victor Ianno stated that everything else will be local except for this one area. Kevin McAuliffe agreed.

Daniel Queri asked if everything outside of this request is staying local. Kevin McAuliffe stated that everything outside of this request is local on the \$13,000,000.

Pat Hogan stated that they are looking at a savings of about \$180,000 in taxes in the PILOT agreement and that is just first year. Kristi Smiley agreed.

Kevin McAuliffe stated that he doesn't believe the savings on the PILOT is all that high. Pat Hogan stated that it is 50% the first year. Kevin McAuliffe stated that it is 485b and everyone can get that.

Board members, staff, and the Inficon representative discussed general PILOT policy and Real Property law section 485(b) property tax exemption schedules.

Kevin McAuliffe stated that this is the best manufacturing you can get. He stated that this is Nano technology stuff.

Pat Hogan stated that he wouldn't argue that and it is the exactly the type of jobs this area needs. He stated that there are very few and far between.

Kevin McAuliffe stated that these are the kinds of the things where we can keep some of our engineering students in the State that are pumped out of education facilities in New York instead of going to Texas and California.

Daniel Queri asked if average wage is \$85,000. Kristi Smiley agreed.

Upon a motion by Victor Ianno, seconded by Lisa Dell, the OCIDA Board approved a resolution approving the financial terms of the Payment in Lieu of Tax Agreement between Inficon and the Agency for 65,000-75,000 square foot expansion on its current 140,000 square foot building located in the Town of DeWitt.

Upon a motion by Victor Ianno, seconded by Janice Herzog, the OCIDA Board approved a resolution waiving the Agency's local access policy for the purchase and installation of specialty metal siding panels for Inficon. Lisa Dell and Pat Hogan voted no. Motion was carried.

UNIMAR: EMPLOYEE PRODUCTIVITY PROGRAM

Michelle DeNio stated that Unimar is looking for reimbursement through the Employee Productivity Program for \$4,995 to upgrade and train on new dynamics Great Plains software. She stated that their software is 6 years old and they have bypassed all the upgrades are at a point now where they have to upgrade. She stated that they need training not only on the new features, the new software has an incredible amount of new features that will help save time and effort EFT payments, emailing invoices. She stated that they are also looking to increase their quoting so that it is a little more seamless from sales to production. She stated that they want to get everyone on the same platform and they have 3 different platforms they are working on right now.

Kristi Smiley asked for some background on Unimar. Michelle DeNio stated that Unimar is a manufacturer of the FAA mandated tower lighting and controls. She stated that they manufacture the controls for the red and white lights that you see on towers. She stated that they do a lot of business internationally and have had a lot of growth. She stated that she started with the company 6 years ago with 5 people and they are up to 13 now. She stated that sales have increased from about \$1,400,000 to about \$8,000,000. She stated that they have just brought on a new business development and bring in some new lighting. She stated that right now they buy all other lighting and manufacture the controls. She stated that they are hoping to start manufacturing their own light and have their own product in house. She stated that the product they buy now is from Mexico. She stated that people want made in the USA products.

Kristi Smiley asked if this will allow them to help better service their customers. Michelle DeNio stated absolutely better service the customers. She stated that just the fact they can't email a batch of invoices and have to send them one by one. She stated that they end up putting them in the mail and everyone wants electronic so they are trying to go green. She stated that they will be able to pay their vendors faster and more efficiently. She stated that the ability to cross train will help too.

Steve Morgan asked where they are located. Michelle DeNio stated that they are in North Syracuse off Buckley Road.

Steve Morgan stated that the controls are manufactured locally and asked what exactly the controls are. Michelle DeNio stated that if you have a rooftop and you need lights on all four corners, the control will tell two flashes, all four flashes or all four not flashing. She stated that they go onto a lot of oil and gas refineries. She stated that they do the river crossings. She stated that they manufacture light controls for wind farms so all the wind turbines flash at the same time. She stated that it is a wide variety of controls depending on what the application is.

Victor Ianno asked if they own the building or renting. Michelle DeNio stated that they bought the building 2 years ago. She stated that added about 4,000 square feet at another building that was 20,000 square feet.

Victor Ianno asked if they have enough space now. Michelle DeNio stated yes. She stated that they didn't think they would be able to fill it but they did. She stated that on average they carry about \$2,000,000 of inventory.

Daniel Queri stated that he thinks this is great. He stated that it is great to find out that we have companies like this in our County and it is great that they come in and ask for support.

Upon a motion by Victor Ianno, seconded by Steve Morgan, the OCIDA Board approved a resolution approving an Employee Productivity Service Contract of \$4,995 to Unimar to fund up to 50% of the cost of training 7 employees. Motion was carried.

REVIEW OF COUNSEL AND SPEICAL COUNSEL RFPS

Kristi Smiley stated that the Agency RFP our legal services and audit services every three years with an annual reappointment by the Board at the Annual meeting. She stated that the RFPs were sent out in early September. She stated that the Board can see from the evaluations that 4 companies responded and 2 that just wanted to be special counsel. She stated that typically general counsel is appointed and the remaining people on the RFP services go on the special counsel list

She stated that Gilberti and Harris Beach received 25 which is the highest score and most of that has to do with the last two items. She stated that the only difference is the pricing and Gilberti is significantly lower.

Upon a motion by Victor Ianno, seconded by Lisa Dell, the OCIDA Board approved a resolution appointing Gilberti, Stinziano, Heintz & Smith as Agency Counsel and authorizing an officer of the Agency to enter into a contract for legal services for the period of January 1, 2015 through December 31, 2017. Motion was carried.

Upon a motion by Lisa Dell, seconded by Janice Herzog, the OCIDA Board approved a resolution appointing Bond, Schoeneck & King, MacKenzie Hughes, Wood & Smith, Harris Beach and Trespasz and Marquardt as Special Counsel for the period of January 1, 2015 through December 31, 2017. Motion was carried.

REVIEW OF ACCOUNTING AND AUDIT SERVICES RFPS

Kristi Smiley stated that there were 3 responses to the audit services, Testone Marshall and Discenza, our current CPAs, Grossman St. Amour and Toski and Company. She stated that Testone Marshall and Discenza have been fantastic to work with and no problems with them. She stated that they did come in slightly higher than Grossman St. Amour. She stated that staff has worked with Grossman St. Amour on OCDC and CRT and she thinks either firm would be great.

Janice Herzog asked if the Agency is required under the by-laws to switch every so many years. Kristi Smiley stated that the main partner needs to be switched every five years.

Daniel Queri asked if there is a specific firm the Board is being recommended. Kristi Smiley stated that if the Board is comfortable with the slight increase it is about the same as last year, she would recommend continuing on with Testone Marshall and Discenza. She stated that she thinks they have a really good understanding of the IDAs and have been great with all the PAAA requirements and reporting differences in the last couple years. She stated that she recommends staying with the current auditors.

Janice Herzog stated that the increase is similar to what it was last year. Kristi Smiley stated that it was about \$13,200 so it is a slight increase. She stated that Grossman St. Amour did come in under that and they have worked with some of the other Boards and they work with the Syracuse IDA.

Janice Herzog stated that this is a term for 2014 to 2017. She asked if they give a blanket figure for the year or charge by the hour. Kristi Smiley stated that it is a total figure for the entire year.

Daniel Queri stated that it is a fixed price. Kristi Smiley agreed.

Janice Herzog asked if they can increase annually. Kristi Smiley stated that they have quoted \$14,000 for the 3 years.

Kristi Smiley stated that the years are different from the legal services is because they have to come in for the pre meeting in November so it is just the way their cycle falls.

Upon a motion by Victor Ianno, seconded by Janice Herzog, the OCIDA Board approved a resolution of appointing Testone Marshall & Discenza as Agency Auditor and authorizing an officer of the Agency to enter into a contract with the Auditor for accounting and audit services for the period of November 1, 2014 through October 31, 2017. Motion was carried.

2015 AGENCY BUDGET

Kristi Smiley gave a brief review of the 2015 Agency budget. She stated that 2015 budget presented to the Board in July is practically the same however there is a difference in the county contract and it is down just under \$2,000. She stated that we were able to reduce some of the interdepartmentals and different items in the budget to spread it across the Boards. She stated that each board was asked to pay proportion of time spent by staff on the agencies so that is how she got to that number.

Daniel Queri asked if the 2014 actual gain is \$862,000. He stated that the \$682,000 is reflected in both 2014 and 2015. She stated that they are the same.

Upon a motion by Lisa Dell, seconded by Victor Ianno, the OCIDA Board approved a resolution approving the 2015 Agency budget. Motion was carried.

Upon a motion by Victor Ianno, seconded by Janice Herzog, the OCIDA Board adjourned the meeting at 9:01 am. Motion was carried.



Kristi Smiley, Secretary

