



City of Schenectady Industrial Development Agency

Board Meeting Minutes — May 26, 2010

Agency Members: Douglas Blacklock, Joseph Fava, Ann Reilly and Jeffrey McDonald

Members Absent: Joseph Allen, Denise Brucker and Mayor Brian Stratton

Others: Connie Cahill (Agency Counsel) and Jo-Ann Kilmer, Ray Gillen, Jayme Lahut, Jim Callander and Carol Brown

Call to Order: Mr. McDonald called the monthly meeting to order at 8:00 a.m.

- 1. Approval of Minutes:** Ms. Reilly moved acceptance of the April 14, 2010 meeting minutes; seconded by Mr. Fava. The minutes were approved.
- 2. Treasurer's Report:** Jim Callander reviewed the financial reports through April 30, 2010 that were distributed prior to the meeting. Cash on hand stands at \$277,047. Mr. Blacklock moved acceptance of the Treasurer's Report, seconded by Mr. Fava and approved.
- 3. Highbridge 890 LLC Project (588 Broadway):** Resolution 287-10 — Approve Bank Documents and PILOT Deviation
- 4. Development at Center City LLC (Center City Renovation):** Resolution 288-10 — Amend and Approve PILOT Deviation and Revised Bank Financing

The resolution approves Pioneer Savings Bank's \$2,650,000 construction/permanent financing for Highbridge's 22,000 square foot flex-space building at 588 Broadway. The resolution also approves a 12-year Pilot agreement calling for no payments for the first two years then follows the Agency's standard Pilot at 50 percent of normal assessment and declining by 5 percent per year for the next 10 years. The affected taxing jurisdictions have been notified about the proposed Pilot and no comments were received. Due to rising construction costs, Jayme Lahut disclosed that the Agency fee will be waived for this project. Mr. Fava moved Resolution 287-10; seconded by Ms. Reilly. Following discussion, Resolution 287-10 was approved.

The resolution amends the existing Pilot agreement dated December 31, 2008 between the Agency and Development at Center City, LLC, an affiliated entity of the Galesi Group by increasing payments to taxing entities from \$100,000 in 2009 and 2010 to \$150,000 for 2011 and 2012. Center City remains under construction during this period. The developer also utilizes Empire Zone real property tax credit program. The taxing jurisdictions were notified about the proposed Pilot amendment and no comments were received. The resolution also consented to revised permanent bank financing structure (originally approved on March 3, 2010) because of changes required by the lender. Bank of America entities making loans via the federally-awarded New Market Tax Credits initiative increased project financing from \$23 million to \$24.25 million. Each loan is secured by a mortgage and by an assignment of leases

on the property. Ms. Reilly moved Resolution 288-10; seconded by Mr. Fava. Resolution 288-10 was unanimously approved.

5. World Star LLC (450 Duane Avenue): Resolution 289-10 — Approve Bank Documents

The original 1998 project involved issuing \$4,490,000 in tax-exempt bonds for renovating the former Maqua Building. In 2005, the Agency approved \$4.1 million bond redemption and refinancing through TD Banknorth. The current request refinances the land and building through Berkshire Bank for \$3,550,000. Resolution 289-10 authorized the refinancing, allowed for mortgage recording tax exemption, and continuation of the existing PILOT which expires in 2015. Since title to the land and building are held by the City IDA, Agency consent is required. Mr. Blacklock moved Resolution 289-10; seconded by Mr. Fava. Following brief discussion, Resolution 289-10 was unanimously approved.

6. Lofts at Union Square (Phase I) / Townhomes at Union Square, LLC: Resolution 290-10 — Hold a Public Hearing and Commence PILOT Deviation Process

Although the IDA previously approved the project, the developer changed the corporate structure of the project. The project is organized as two phases, two separate projects, and two ownership entities. Resolutions 290-10 and 291-10 called for holding public hearings and initiate the Pilot deviation process.

The project developers are Chris Myers, owner/operator of the Parker Inn and his brother Jeff Myers, of Sheltertherm Builders, a highly successful house and condo builder/developer. Phase one involves construction of 8 row houses on Barrett Street beginning this summer with a budget of \$1.8 million. The developer seeks sales tax exemption, exemptions from mortgage recording taxes and Pilot agreement. Ms. Reilly moved Resolution 290-10; seconded by Mr. Fava. Following discussion about the project, Resolution 290-10 was unanimously approved.

7. Lofts at Union Square (Phase 2) / Lofts II at Union Square, LLC: Resolution 291-10 — Hold a Public Hearing and Commence PILOT Deviation Process

Phase Two faces Union Street at the corner of Barrett abutting the Union Inn. The 14-unit apartment building will be 3-stories tall and contain studios, one-bedroom and two-bedroom units, and 3,000 square foot retail space on the ground floor. The project compliments Union Street retailers, such as, Engelbart's, Experience and other locally owned establishments. The project budget is \$1.6 million. Construction will occur after phase one is successfully occupied. Ms. Reilly moved Resolution 291-10; seconded by Mr. Fava and unanimously approved.

8. Center City Parking Lot Property Conveyances

IDA consent was needed for a series of property transfers, since the Agency is party to the underlying leases on each property. The transfers involve the Center City parking lot — owned by Parking Lot at Center City, LLC, a Robert Lupe holding company — which is leased to Metroplex with an option to purchase. Adjoining the parking lot are four properties, each owned by an affiliated entity of the Galesi Group. In cooperation with Lupe and adjoining property owners, Metroplex coordinated a series of property swaps that effectively relocates an existing egress easement to the back boundary line of 401, 409 and 411 and 433 State Street.

The conveyances set the stage for reconstruction of the lot which is used by Center City tenants, Paul Mitchell School and the State offices at 401 and 409 State Street. The new configuration makes the lot and buildings more functional and pedestrian-friendly by placing a sidewalk along the back property line of the buildings adjoining the lot. The new sidewalk also serves as egress to a public street which is required by City code.

- Ms. Reilly moved and Mr. Fava seconded Resolution 292-10 that transferred 1,230 square feet from Lupe to Schenectady Associates, LLC, the owner of 401 State Street which houses the NYS Commission on Quality of Care. Resolution 292-10 was unanimously approved.
 - Ms. Reilly moved Resolution 293-10, seconded by Mr. Blacklock that conveyed 220 square feet from Lupe to Albany Ventures, Inc., the owner of 409 State Street which contains NYS Commission on Quality of Care as a first floor tenant, and an unoccupied space on the second floor. Resolution 293-10 was unanimously approved.
 - Mr. Blacklock moved Resolution 294-10, seconded by Ms. Reilly that conveyed 1,210 square feet from Lupe to 411 State Street Acquisitions, LLC, an affiliated entity of the Galesi Group, which rents two floors to the Paul Mitchell School. Resolution 294-10 was approved.
 - Ms. Reilly moved and Mr. Fava seconded Resolution 295-10 that transferred 1,895 square feet from Lupe to Development at Center City LLC, an affiliated entity of the Galesi Group that is redeveloping the Center City complex; and 2,594 square feet from Development at Center City, LLC to Lupe. Resolution 295-10 was unanimously approved.
- 9.** Other Business — following the meeting, Mr. Fava conducted a tour of the Schenectady Light Opera facilities.
- 10.** Adjournment — Mr. Fava moved to adjourn; seconded by Ms. Reilly. The meeting adjourned at 8:35 a.m.

Respectfully submitted,

Carol Brown
Staff