

BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Governance Committee Meeting

Held on July 20, 2022, Commencing at
11:01 AM. Adjourned at 11:21 AM.

[See attendees at end of transcript.]

Digitally recorded proceeding
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MR. BUCCI: Okay. We'll call the meeting to order. The first item on the agenda is to accept the June 13, 2022, Governance Committee Meeting transcript. Carrie sent that out to all committee members. They had an opportunity to review it. Any revisions were sent back to her, so we will accept that for the record.

The next item on the agenda is we open the meeting to public comment. If there is anyone who wishes to address the committee at this time, we ask that they state their name and address, and they have five minutes to make their presentation to us. So at this time, we'll open it up. If there is anyone who would like to speak, either here or by phone, let us know. Okay, hearing none, we'll close that section of the meeting.

The first item on the agenda is a Review/Discussion/Recommendation to Approve an Extension of the September 1, 2021, Sales and Use Tax Exemption Agreement with Spark JC, LLC, from August 18, 2022, through and including August 18, 2023, the Total of Which Shall Not Exceed \$3,093,333. Stacey?

MS. DUNCAN: Yes. So you have a request for an extension of time, given the multifaceted redevelopment of the Oakdale Mall, now called Oakdale Commons. Much of the work has just been in planning at this point, and so Spark JC is requesting an extension for one year on the approved sales tax exemption for that project. Marc Newman and Alexandra Davis are here representing Spark JC.

Again, this is multifaceted. There are some national retailers involved, as well as local partners involved in the redevelopment. I know there were some questions posed prior to the meeting, so I would just recommend we can have that discussion.

MR. BUCCI: There were questions raised about the nature of local labor participation in the project to date, and I'll turn it over to Dan with any comments or questions in that regard.

MR. CROCKER: My question was on the point of the GC for the project of Dick's House of Sports. In Appendix A it states that we shall try and do all local labor. Professionals shall be local labor, and the firm that was chosen is not.

MS. DUNCAN: So Purcell has been selected, and they are serving in sort of a CM management role for this project, similar in the way in which Bluestone's CM was selected. They're not self-performing the work. Marc, jump in if I'm incorrect on any of this. They're managing all bids and securing local specialties, subcontractors, etc.

Since I last emailed you with a few questions, they did seek a waiver request to us just recently, so they are seeking that waiver. But again, they're not self-performing any of the work, but they will be managing the process of creating and issuing bids for the subcontracted work.

MR. CROCKER: So I have no skin in the game as far as construction management. I mean, if I were construction management personnel, I might take objection to it, but you can't compare Bluestone with a mall redevelopment. I mean, that's a heavy industrial project. Everything is going through Marsden there. The building trades actually took charge of that, and that's the reason it's all local people on that job. They tried doing that too, and we just told them, "All right, go ahead and do it, but when it comes time for setting cranes, you're not going to have any crane operators."

A waiver should be an ask for permission to vary from the agreement, not an ask for forgiveness. The waiver should come ahead of time before it's done, in my eyes. I have to deal with contracts every day. I just Zoomed right now in the hall with a contractor wanting to vary from my contract. It rolls right off my tongue easy, no. I have to deal with contracts all the time. They signed the contract, and Appendix A of that says they will seek to use them. Like I say, I have no skin in the game as far as that part goes.

MS. DUNCAN: Yeah. We've maintained our process with waiver requests. They come to us, staff reviews, has a follow-up conversation with the developer on this. We felt that the majority of the work in this situation, given the nature of the developer's experience with Purcell, given the fact that all of the work will be subcontracted locally, that it maintained our historical process.

MR. CROCKER: I have no problem with you and the staff and the due diligence they do. Everybody does a great job, and I have no qualm with the extension because I know how the economy is in the construction field right now, and it's bad. I just wanted to bring that point up.

MS. DUNCAN: No, I appreciate that.

MR. BUCCI: I have question on waivers in general. To your point, I mean, do the waivers come to us for approval?

MS. DUNCAN: They do not.

MR. BUCCI: They don't?

MS. DUNCAN: They've never-

MR. BUCCI: No, they haven't, but I'm just wondering. When they request a waiver, you review it, and then I'm just wondering if we should see it just to understand what the purpose of the waiver is.

MS. ABBADESSA: I understand that. It's just the process. That would hold it up. I mean, so if we did it over email, okay. But if we had to do it at a Board meeting, that would hold up the process further.

MR. BUCCI: We could do it over mail. I'm not speaking per se about this. I mean, questions came up with Paulus project in JC because there were waivers there, and there were questions about what the nature of the waiver was. I mean, like it says, "Waiver is granted," or "Waiver is approved," but we just don't know the rationale. We don't know the rationale. You might know, but we don't know the rationale why the waiver was approved. I'm just wondering on the Board, you can just email them to us and we can just look at them. Then if we have any questions, we can get back to you.

MS. DUNCAN: Sure. That's something we can do administratively, yes.

MR. BUCCI: Yes. So it doesn't hold up the project and stuff.

MS. DUNCAN: Marc, did you want to just add-

MR. NEWMAN: Yeah. I just want to sort of give you all some background on this. So, it's a multifaceted project to

start with. [Inaudible]. That contract was signed long before. That contract is in excess of \$14 million. There's a lot of requirements. There are certain general contractors that don't meet the bonding requirements that we have. That's a major [inaudible]. Purcell is capable of getting the bonding. They did over \$70 million worth of construction work for us in the last three years. They're a very capable group. It's also a group that the anchor tenant there is comfortable with. The anchor tenants, if they're not comfortable with the contractors, they actually wanted to use their own contractor from out of town.

It was extremely important to them. It came down to really -- I don't want to say a negotiation -- but it got a little hostile in the sense that they said, "This is someone that we use, we're going to use, and that's just the way it is." We talked about local labor and this and that and the other thing. They said, "We think this is going to be an asset to a mall that is on the decline and will be completely closed down, so we want to use ours." We said, "No, we really need to do it this way." Purcell is New York State for starters. Secondly, they've done a lot of work in this region. They're highly regarded throughout. They're doing a ton of work for Cornell.

Anyway, having said that, we're working very hand-in-hand with them. The bids on the current demolition that's being done right now, the interior demolition, at one point, we went to Purcell because Matthews and our group went and bid it out to three local contractors who all declined on the demo portion. So the demo portion right now, Ostrowski, UM Local, and-- help me out please.

MS. DAVIS: [Inaudible]

MR. NEWMAN: Yeah. But they're out of town. We had another local contractor, so a lot of it is being done local. Everything's being bid across the board. We're involved in the bids. We're looking at them. We have relationships with the local contractors. It is our goal and objective to keep as much local here as we can, which was why we got involved with the mall in the first place and not allowing it to go to an outside group, a national group that does the malls.

I do want to be completely transparent and let you know in advance the other anchor that is going to be going in Bon-Ton -- Bon-Ton will be demolished, but in the Bon-Ton area -- that is also a national tenant. They use a group, and there is no discussion with them on who their CM is going to be. That will be what we call a reverse build-to-suit. They're going to be doing it. However, they've been advised, and it is in the lease and in the agreement, that they have to follow the local labor law.

They understand that, but it's going to be a very similar situation. They're going to want to have a group because in that building it's a lot more involved. There's a lot of configuration. There's a lot of different things that they want this group involved with, so I think we're going to face similar circumstances throughout. There's going to be a medical component on the west side of the mall at some point, and we're in discussions now. There again, depending on how it all shakes out, because of the nature of that particular complex that's going in, they also want to CM that and will also go along with the local labor law.

The objective by all groups is to keep it local. There's certain things that aren't going to be done locally because some contractors don't have the ability to do some of it or don't have the time right now, but it is our goal. We see all the bids. It's all open bids. We see everything, and we're not

going to just let it slip away to out of town. We take it very seriously, and we know how important it is to our local community.

MR. MIRABITO: Dan, the important thing is who does the work, right? I mean, isn't that the important thing?

MR. CROCKER: I guess, unless you're a CM. No, I ask that from the building trades. I mean, they're all workers, but very valid point. I understand that with national chains and stuff, where they have the people that they like.

MR. BUCCI: Well, I agree. I think the key is the CM's focus or intent is to hire as much or all local labor as possible?

MR. NEWMARK: Absolutely. And they're not self-performing.

MR. BUCCI: Right. So that's the caveat that underscores this whole thing?

MR. NEWMARK: Exactly.

MR. MIRABITO: That's good.

MR. BUCCI: Okay. Any other questions on this point?

MR. CROCKER: No, I'm fine. I'm good.

MR. BUCCI: Okay. So is there a motion to approve the sales tax extension?

MR. PEDUTO: Jim.

MR. BUCCI: Second?

MR. MIRABITO: Joe.

MR. BUCCI: All in favor?

ALL: Aye.

MR. BUCCI: Any opposed? Any abstentions? Okay, the motion is carried. The next item on the agenda is Review/Discussion/Recommendation to Approve an Extension of the August 24, 2021, Sales and Use Tax Exemption Agreement and the February 24, 2022, Revised Sales and Use Tax Exemption Agreement with LCP Group, Inc., from August 18, 2022, through and including August 18, 2023, the Total of Which Shall Not Exceed \$98,800.

MS. DUNCAN: Yes. This again is another request for an extension of the term of the sales tax exemption for an additional 12 months. LCP Group, if you recall, we approved a sales tax exemption when they purchased the former National Pipe & Plastics building in the Town of Vestal. A portion of that facility will be used for their own operations, and they were also renovating a portion of building for leasable space. So due to a number of labor shortages, product back orders, and shipping delays, as I'm sure many are experiencing still as an outcome of the pandemic, they have requested additional time.

MR. BUCCI: Any questions? Comments? Is there a motion?

MR. MIRABITO: Motion, Joe.

MR. BUCCI: Is there a second? Second, Jim. All in favor?

ALL EXCEPT MS. SACCO: Aye.

MR. BUCCI: Any opposed?

MS. SACCO: [Inaudible].

MR. BUCCI: One abstention. Okay, motion is carried. The next item is Review/Discussion/Recommendation to Accept an Application from 33 South Washington Street. I think we have two extensions?

MS. DUNCAN: Yes.

MR. BUCCI: We won't have a quorum on this, so we'll move this right to the main meeting at noon.

MS. DUNCAN: Go straight to the Board, yeah.

MR. BUCCI: And obviously without any recommendation. Okay, the next item on the agenda is Review/Discussion/Recommendation to Accept an Application from Phoenix Endicott Industrial Investors, LLC, and Authorizing a New York State and Local Sales and Use Tax Exemption in an Amount Not to Exceed \$99,202.40, for a Term Not to Exceed 12 Months, Consistent with the Policies of The Agency in Connection with the Decommissioning of a Boiler and the Purchase and Installation of a New 80 KPPH Industrial Watertube Boiler, to be Installed in Building 39, Located at 1701 North Street in Endicott. Stacey?

MS. DUNCAN: Yes. So if you have not been by the Huron Campus, recently purchased by Phoenix Investors, I'd encourage you to take a drive over there. You can already visibly see the changes that Phoenix Investors are making in the facility, and it's looking fantastic. The request they have today is, as you can imagine, in facilities of this size, much of the equipment needs replacement, so the request today for a sales tax exemption only would support the direct purchase of a new 80 KPPH industrial watertube boiler to replace a boiler that had failed.

The new boiler will be installed in Building 39 -- I'm not sure exactly where 39 is on the campus, but we do have representatives from Phoenix on the line -- the existing utility plant for the entire campus. There will also be various contractors hired to decommission the former boiler and install the new boiler. It will be the main boiler serving the campus, just under four million square feet, with both comfort heating and process steam for various applications. The total project cost on this is \$1.2 million approximately, and the value of that sales tax exemption is \$99,202.40. Again, we do have a representative from Phoenix Investors if the Governance Committee has any questions.

MR. BUCCI: Any questions?

MR. CROCKER: Nice to see something that actually has the word "industrial" in it.

MS. DUNCAN: It looks nice over there. [Crosstalk].

MR. BUCCI: Okay. Is there a motion to approve?

MS. SACCO: Motion.

MR. BUCCI: Cheryl. Joe, second. All in favor?

ALL: Aye.

MR. BUCCI: Okay. Motion is carried. Do we need to go into Executive Session?

MS. DUNCAN: We do not.

MR. PEDUTO: There's one more.

MR. BUCCI: Oh, I'm sorry. Review/Discussion/ Recommendation to Authorize The Agency to Require 25% of its Agency Fee to be Paid by Applicants Upon Approval of Sales/Leaseback Transaction or Lease/Leaseback Transaction Benefits, with the Remaining Balance of its Agency Fee to be Paid in 25% Increments Every Six Months, or in Full at the Time of Closing, Whichever Occurs First. Stacey?

MS. DUNCAN: Yes. So after a number of discussions both at the staff level and with the Board in recent months, this is essentially the creation of a new policy related to The Agency fee. As you know, The Agency derives all of our income through our projects or through the sale or lease of the buildings. That is how we are funded and, as such, we build our operational budget on those projected fees. The request that staff brought to the Board is for a stronger and tighter process with regard to collection of Agency fees. We assess a 1% fee on the total project cost. Typically that's paid at the time of closing.

For many understandable reasons, what we're seeing is projects are just taking a lot longer to get to close and some are not making it through. That does have financial implications on this organization. There is a cost of doing business with our organization, and as I mentioned, we make a projection on an annual basis of those fees. So this would essentially establish a policy that at the time of approval, rather than closing, 25% of that Agency fee would be payable to The Agency and in increments following such every six months or in full at the time of closing if it's within I would say a six-month period of time.

I don't know if there's any questions on that. This simply just establishes the policy, and we will communicate that with applicants as they come to us moving forward.

MR. BUCCI: So that 25% is not refundable?

MS. DUNCAN: No, correct.

MR. BUCCI: Okay. That's the important part of this. Any questions or comments? Is there a motion?

MS. SACCO: Motion.

MR. BUCCI: Motion, Cheryl. Is there a second? Second, Jim. All in favor?

ALL: Aye.

MR. BUCCI: Okay. Then we're not going into Executive Session, so is there a motion to adjourn?

[The meeting was adjourned on a motion by Ms. Sacco, seconded by Mr. Peduto, at 11:21 AM.]

[Attendees: Rich Bucci, Jim Peduto, Cheryl Sacco, Joe Mirabito, Dam Crocker, Stacey Duncan, Natalie Abbadessa, Carrie Hornbeck, Brendan O'Bryan, Amy Williamson, Nicolas Gregoris, Emma Augostini, Joe Meagher, Marc Newman, Alexandra Davis, Brett Pritchard, Jake Tomachek, Adam Green, Michael Tanzini, Christina Pierce, Roy Santa Croce, Nicholas Otey]

C E R T I F I C A T E

I, Elana Hulsey, certify that the foregoing transcript of the Broome County Industrial Development Agency Governance Committee on July 20, 2022, was prepared using digital transcription software and is a true and accurate record of the proceedings.

Signature: _____



Date: July 23, 2022