

NCIDA/NCDC REGULAR BOARD MEETING MINUTES

Wednesday, July 8, 2009 – 9:00 a.m.

Meeting Place: Niagara County Industrial Development Agency
6311 Inducon Corporate Drive, Suite One
Sanborn, New York 14132

1.0 Meeting Called to Order

The regular meeting of the Niagara County Industrial Development Agency was called to order by Chairman Sloma at 9:12 a.m.

2.0 Roll Call

Henry M. Sloma, Chairperson	Present
Mayor Michael Tucker, 1st Vice Chairperson	Present
Stephen F. Brady, 2 nd Vice Chairperson	Excused
Deanna Brennen, Secretary	Present
Angelo Massaro, Assistant	Present
John J. Petrozzi, Member	Present
Joseph C. Frain, Member	Excused
Robert Connolly, Member	Present
Rev. Kevin Dobbs, Member	Present

3.0 Chairman Sloma led the Pledge of Allegiance.

4.0 Introduction of Guests

William L. Ross	Chairman, Niagara County Legislature
Rose Mary Warren	Taxpayer
Damon A. DeCastro, Esq.	Merani / LaSalle Hospitality Inc.
Ashak Merani	Merani / LaSalle Hospitality Inc.
Faisal Merani	Merani / LaSalle Hospitality Inc.
Don Hobel	Niagara County Resident

Staff Present

Samuel M. Ferraro, Executive Director
Larry Witul, Assistant Director
Susan Langdon, Marketing/Project Manager
Gary Kelsey, Manager of Finance
Michael Dudley, Accounting Associate
Mark Gabriele, Agency Counsel
Mary P. Melloni, Recording Secretary

Chairman Sloma offered congratulations to the Lockport IDA and applauded their efforts in securing YAHOO! to come to Niagara County.

5.0 NCDC Annual Meeting & Report

Mr. Kelsey stated that the Annual Meeting Memorandum and Report refers to the acceptance of the Audit Report of the NCDC at the Special Meeting of April 27, 2009. The Memorandum provides a description of the Audit Report and the Annual Policy Statement is included. The resolution states that the Annual Policy Statement is in support of the EDA Revolving Loan Fund Plan. This report needs approval of the NCDC Board of Director.

Mr. Petrozzi made a motion, seconded by Mr. Connolly, to approve the NCDC Annual Meeting Resolution dated July 8, 2009. Motion passed.

6.0 Approval of NCIDA Meeting Minutes

6.1 NCIDA Regular Meeting of May 13, 2009

Ms. Brennen indicated that she reviewed the minutes and found them to be in order. Mr. Gabriele pointed out a typo under 6.4, second paragraph, first line.

Mr. Petrozzi made a motion, seconded by Mr. Connolly, to approve the meeting minutes of May 13, 200, with the noted revision. Motion passed.

7.0 NCIDA Committee Reports

7.1 Audit Committee

7.1.1 Agency Payables

7.1.2 Agency Financial Report

Mr. Petrozzi stated that the Agency payables and financial report through April 30, 2009 were found to be in order and the Audit Committee recommends approval.

Mr. Petrozzi made a motion, seconded by Ms. Brennen, to approve the Payables and Agency Financial Report. Motion passed.

7.1.3 Other Matters

Mr. Petrozzi stated that Conestoga Rovers request for expansion at the Niagara Falls Boulevard building was tabled by the Committee until an appraisal has been completed on that building.

7.2 NCDC Review Committee Report

Ms. Brennen stated that there is nothing to report at this time.

7.0 NCIDA Committee Reports (Continued...)

7.3 Real Property Committee Report

Mr. Petrozzi stated that the Real Property Committee tabled a request for a lease agreement with Leadership Niagara until Counsel can review documents regarding their eligibility to lease space in the Center. Also tabled was a request for purchase of land in Vantage Industrial Park; the proposed purchaser has been asked to provide building and site plans for the site.

7.4 Governance Committee Report

Chairman Sloma stated that the Governance Committee has been meeting and discussing issues and hopefully Mr. Brady will have a report at the next meeting. Mr. Massaro stated that he was suppose to receive some materials he has not received as of yet, and he also asked when another meeting would be scheduled. Mr. Gabriele stated that he will forward the local labor policy for Monroe County to Ms. Melloni to forward to Mr. Massaro. Mr. Gabriele stated that they are awaiting legislation that may be released after the Senate stalemate is over. He explained that Mr. Brady wanted to wait until that was available before going ahead with a policy that would possibly have to be revised based on the legislation. Therefore, another meeting has not been scheduled. Mr. Sloma asked that it be re-sent to everyone. Mr. Sloma stated that this is an ongoing process and there was a concern about superseding legislation coming out of Albany and the fact that it could create additional confusion. He assured Mr. Massaro that this is still a work in progress and they will continue to look at it.

8.0 NCIDA Unfinished Business

8.1 Ay Shay Enterprises

8.1.1 Extension of Inducement

Mr. Gabriele stated that it appears financing is no longer becoming an issue with a number of NCIDA projects and they are beginning to move forward. Ay Shay is such a Company; however, it does not appear that they will be able to close before the expiration of their inducement. They have requested an additional 6-month inducement. He stated that it is anticipated they will close within 60 days. This same group is beginning to invest in smaller retail establishments in the Main Street area of Niagara Falls, creating some smaller jobs.

Ms. Brennen made a motion, seconded by Mr. Connolly, to approve the extension of the inducement for Ay Shay Enterprises.

8.0 NCIDA Unfinished Business

8.1 Ay Shay Enterprises (Continued...)

8.1.1 Extension of Inducement

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	<u>Yea</u>	<u>Nea</u>	<u>Abstain</u>	<u>Absent</u>
Henry Sloma	[X]	[]	[]	[]
Michael W. Tucker	[X]	[]	[]	[]
John J. Petrozzi	[X]	[]	[]	[]
Stephen Brady	[]	[]	[]	[X]
Kevin Dobbs	[X]	[]	[]	[]
Deanna Brennen	[X]	[]	[]	[]
Robert Connolly	[X]	[]	[]	[]
Angelo Massaro	[X]	[]	[]	[]
Joseph C. Frain	[]	[]	[]	[X]

The resolution was thereupon duly adopted

8.2 Extension of Sales Tax Exemption Requests

8.2.1 Ulrich City Centre, LLC

8.2.2 CI6 Holdings, LLC

8.2.3 Lewiston Golf Course Corporation

Mr. Gabriele explained that the three Companies in question are in situations where their projects are not moving forward in a timely manner and they are requesting extensions of their sales tax benefits. There are no new benefits being provided to any of these Companies.

Ms. Brennen made a motion, seconded by Reverend Dobbs, to approve sales tax exemption extensions for Ulrich City Centre LLC, CI6 Holdings LLC, and the Lewiston Golf Course Corporation. Motion passed.

8.0 New Business

8.1 LaSalle Hospitality, Inc.

8.2 Merani Hospitality, Inc.

Mr. Witul explained that the City is in receipt of applications for two hotel projects located in the City of Niagara Falls; specifically LaSalle Hospitality, Inc. located at 7001 Buffalo Avenue, and Merani Hospitality, Inc., located at 401 Buffalo Avenue. LaSalle Hospitality will require an initial investment estimated at approximately \$5 million. This is the amount it will take to get the facility into the proper operating condition to have rooms available upon short notice. However, longer term they are anticipating up to \$15 million total investment for this particular site. Because of the condition of the current facility, it will take some time to put this project together. They are looking at benefits to the community of approximately \$69,000 per year in annual taxes and associated sales and bed taxes. They are also anticipating the creation of approximately 30 jobs at the 7001 Buffalo Avenue location.

At this time Chairman Sloma invited the representatives of the project to address the Board. Mr. DeCastro, Attorney for LaSalle and Merani Hospitality Inc addressed the Board. He explained that the parties currently own and operate the Holiday Inn at 114 Buffalo Avenue, Niagara Falls. They additionally own a Days Inn in Niagara Falls, Ontario. Mr. DeCastro stated that the Merani's have delivered \$2.5 million to him for the initial phase of this project and they are very interested in moving forward. The property at 7001 Buffalo Avenue is the first property visible when coming over the Grand Island Bridge. They are very excited about the opportunity to redevelop that property, as well as the property at 401 Buffalo Avenue. That property is also the first property you come to when you head downtown on the parkway. Both properties have been condemned and are in need of drastic repairs.

Mr. DeCastro explained that the Merani's will be in competition from Seneca Niagara Casino & Hotel and are looking to be in a position where they can compete. The Casino is not responsible to pay sales, bed or property taxes and this makes it very difficult for a private developer to come into Niagara County and compete. Another problem is that the properties are very distressed and several other hotels are closing or in foreclosure. These are significant economic factors that require them to come to the NCIDA for assistance. They are requesting the maximum benefit this Board can provide; a 15-year PILOT. They will purchase the property with or without the PILOT; however, once they are in the phase of redeveloping the properties they anticipate spending at least \$20 million on the project. If they are able to receive support of the IDA, the City of Niagara Falls, County and School Districts will receive approximately \$1.6 million in real property taxes they are behind and mechanics liens will be paid off to other businesses that are currently suffering because the buildings are condemned. The City will receive approximately \$85,000 in past due occupancy tax; the State will receive approximately \$125,000 in past due sales tax. Mr. DeCastro stated that for these reasons this project is something the City of Niagara Falls needs. He stated he does have correspondence from one of the Council members in support of the project.

9.0 New Business (Continued...)

9.1 LaSalle Hospitality, Inc.

9.2 Merani Hospitality, Inc.

Mr. Sloma asked Mr. Witul to explain how the Empire Zone affects the Merani Hospitality project at 401 Buffalo Avenue. Mr. Witul explained that this project, located in the City of Niagara Falls, is in a designated Empire Zone. With current legislation at the State level possibly affecting the long-term future of the Empire Zone program, the Agency's participation will provide a "parachute" for the project in case the Empire Zone ceases to exist. 7001 Buffalo Avenue is requesting a 15-year PILOT.

Mr. Gabriele stated that regarding the LaSalle Hospitality Inc. project, Mr. Witul had mentioned the potential for a \$15 million future expansion--this would be a phase two of the project; it is not to be considered in the current request for assistance. They will come back to the board sometime in the future for benefits on that portion of the project. This phase is a \$5-6 million project with a 15-year PILOT to immediately get that property up and running in order not to close down the facility for a prolonged period of time.

Mr. Gabriele explained that Merani Hospitality, 401 Buffalo Avenue project differs in that it will require reconstruction and will not be in a situation to open for a period of over two years because of the massive amount of work required. They would eventually want the 15-year PILOT, but they are asking for assistance under the Opportunities Zone program for the initial two-year period while they are trying to get the property running, investing up to \$20 million.

Mr. Massaro stated he does not see any reference on either application to the acquisition costs or property taxes that are delinquent. Mr. DeCastro explained that the property taxes are a part of the acquisition costs that they will be paying once they make a decision to move ahead with the project. This depends on receiving assistance from the NCIDA. The acquisition costs will be financed completely by the Merani's. Mr. DeCastro explained that the Merani's would like to do LaSalle Hospitality in two phases: first, clean it up and open it by bringing it up to code; then after it is opened they will focus more on the hotel at 401 Buffalo Avenue, which may require complete reconstruction. They will not know the extent of damage until they acquire the property and have their structural engineers look at the building.

Mr. DeCastro stated that the facility at 401 Buffalo Avenue will not be open for two years. He stated it was his understanding that since the building is condemned and is in the Opportunity Zone, that they would be able to request no taxes for the first two years. Mr. Gabriele stated that the property is not located in the Opportunity Zone; however, nothing under the NCIDA UTEP prevents the Company from asking the Board for a further reduction or a reduction for the first two years prior to entering into the 15-year PILOT. That would be the Board's discretion.

9.1 LaSalle Hospitality, Inc. (Continued...)

Chairman Sloma stated that both properties need attention; they are unattended and not maintained, therefore, anyone who is attempting to do something is a welcome effort for this community. Mr. Sloma addressed LaSalle Hospitality: they are requesting a 15-year PILOT which would cover both Phase I & II for a total of \$5 million. Any additional monies over the \$5 million would necessitate them to return to the Board for additional benefits. This project would create at least 30 new jobs.

Mayor Tucker asked why the support letter from the City of Niagara Falls is from a council member and not the Mayor. Mr. DeCastro stated the Mayor has indicated his support but did not offer to respond. The property is being foreclosed on for the third time in five years and the Mayor may not feel comfortable that this can be successful. Mr. Fruscione is the economic development point person for the Council.

Mr. Connolly asked if hiring was going to be open to local union and non-union employees. Mr. DeCastro stated yes. Chairman Sloma the Agency would encourage that they hire, buy and invest locally since the taxpayers of Niagara County are providing the consideration and would like reinvestment by the projects into the community.

9.1.1 Preliminary Resolution

Mr. Massaro made a motion, seconded by Reverend Dobbs to accept the recommendation for a 15-year PILOT for the LaSalle Hospitality Inc. project on the improvements and purchase of the property at 7001 Buffalo Avenue. Motion passed

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	<u>Yea</u>	<u>Nea</u>	<u>Abstain</u>	<u>Absent</u>
Henry Sloma	[]	[]	[X]	[]
Michael W. Tucker	[X]	[]	[]	[]
John J. Petrozzi	[X]	[]	[]	[]
Stephen Brady	[]	[]	[]	[X]
Kevin Dobbs	[X]	[]	[]	[]
Deanna Brennen	[X]	[]	[]	[]
Robert Connolly	[X]	[]	[]	[]
Angelo Massaro	[X]	[]	[]	[]
Joseph C. Frain	[]	[]	[]	[X]

The resolution was thereupon duly adopted.

9.2 Merani Hospitality, Inc.

Mr. Gabriele explained that in his discussions with Mr. Merani, it was explained that the building at 401 Buffalo Avenue is not in an Opportunity Zone; however, nothing can prevent the Company from asking for a 15 year PILOT, and for the first two years, an additional reduction. This would be a parachute situation, and would come into play only if/when the Empire Zone Benefits disappear.

Mr. DeCastro stated that immediately after the decision is made by this Board, the Merani's will move to acquisition these properties and there are no contingencies.

Mr. Sloma stated that the first item for the Board to consider is a two-year period of no tax. He explained that the Agency's Opportunity Zones Program suggests a 5-year period of no tax for condemned property in the Zone. This property is just outside the zone. Under Empire Zone designation they would pay the taxes and then be reimbursed.

Mr. DeCastro stated his clients would be interested in taking advantage of the five-year no-tax period that is offered under the Opportunity Zones Program. Mr. Massaro made a suggestion that the Agency consider five years; however, build in some benchmarks and obligations along the way to review the project and see their progress. Mr. Gabriele stated he has already given some thought to the type of benchmarks that can be set when jobs are not yet created. The benchmarks can be set for certain periods or amounts of investment (i.e. \$5 million in year one). Mr. Gabriele stated that he can work with the Company in structuring a benchmark schedule and have it before the Board before the Inducement is approved. It would be preferred that the Company take advantage of the Empire Zone incentives; however, if the benefits change or disappear, the Agency's benefits will take over or supplement any loss.

Mr. Massaro made a motion, seconded by Reverend Dobbs, to approve a 2-year tax free period with benchmarks and if those benchmarks are met the Company will receive an additional 3-year no tax period in which they also must meet specified benchmarks.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	<u>Yea</u>	<u>Nea</u>	<u>Abstain</u>	<u>Absent</u>
Henry Sloma	[]	[]	[X]	[]
Michael W. Tucker	[X]	[]	[]	[]
John J. Petrozzi	[X]	[]	[]	[]
Stephen Brady	[]	[]	[]	[X]
Kevin Dobbs	[X]	[]	[]	[]
Deanna Brennen	[X]	[]	[]	[]
Robert Connolly	[X]	[]	[]	[]
Angelo Massaro	[X]	[]	[]	[]
Joseph C. Frain	[]	[]	[]	[X]

The resolution was thereupon duly adopted.

9.2 Merani Hospitality, Inc. (Continued...)

Chairman Sloma advised the Board Members to contact Mr. Gabriele if they have any suggestions on what the benchmarks should be. The benchmarks will have no bearing on the 15-year PILOT if provided, only the tax free period.

Reverend Dobbs made a motion, seconded by Mr. Connolly, to approve a 15-year PILOT in addition to the 5-year tax free period.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	<u>Yea</u>	<u>Nea</u>	<u>Abstain</u>	<u>Absent</u>
Henry Sloma	[]	[]	[X]	[]
Michael W. Tucker	[X]	[]	[]	[]
John J. Petrozzi	[X]	[]	[]	[]
Stephen Brady	[]	[]	[]	[X]
Kevin Dobbs	[X]	[]	[]	[]
Deanna Brennen	[X]	[]	[]	[]
Robert Connolly	[X]	[]	[]	[]
Angelo Massaro	[X]	[]	[]	[]
Joseph C. Frain	[]	[]	[]	[X]

The resolution was thereupon duly adopted.

10.0 NCIDA Information Items

10.1 Niagara County Opportunity Zones

Mr. Ferraro stated that the Board has been provided the final report on the Niagara County Opportunity Zones. The important point of information is to inform Members that the Agency has met with each of the taxing jurisdictions and each of the municipalities (Lockport, North Tonawanda and Niagara Falls). The proposal was presented and input was requested. Each of the entities provided valuable input for the final report; particularly in outlining the targeted areas that the municipalities were looking for support and help in marketing the opportunities. The report contains maps that reflect those targeted areas. When the proposal was presented to the Niagara Falls Board of Education there was a request to possibly make the entire City of Niagara Falls an Opportunity Zone; however, when the City was approached the administration still believes it would be best to focus on the targeted areas. However, this Board does have the latitude to offer incentives citywide. Mr. Massaro stated that a resolution has been approved in support of the Opportunity Zones by the City of Niagara Falls Board of Education.

11.0 NCIDA Information Items

11.1 Niagara County Opportunity Zones (Continued)

Mr. Ferraro stated that there are no marketing funds set aside at this point. There will be petitions made but they will proceed without any allocation at this time. Chairman Sloma stated that the County of Niagara was provided with Casino funds for economic development and this seems to be a perfect program for them to make an investment in.

12.0 Agency Counsel

Impressive Development, Inc.

Mr. Gabriele stated is a project this Board approved in 2004. They are currently up-to-date on all PILOT payments and they have met all employment goals. Our documents require that the Company come before the Agency if they are going to refinance, therefore, Impressive Development is asking approval of the refinancing/mortgage of their business. *Mayor Tucker made a motion, seconded by Mr. Petrozzi, approving the refinancing of the mortgage for Impressive Development, Inc. Motion passed.*

13.0 Any Other NCIDA Matters the Board Wishes to Discuss – None.

14.0 Next Regular NCDC - NCIDA Board Meeting:

DATE: August 12, 2009

TIME: 9:00 a.m.

PLACE: Niagara County Center for Economic Development

14.0 Adjournment

Mayor Tucker made a motion, seconded by Mr. Connolly, to adjourn the meeting at 10:30 a.m. Motion passed.

Respectfully submitted,

Reviewed by,

Approved by,

Mary P. Melloni
Administrative Assistant

Samuel M. Ferraro
Executive Director

Deanna Alterio-Brennen
Secretary