

**BINGHAMTON LOCAL DEVELOPMENT CORPORATION
REGULAR MEETING MINUTES
THURSDAY, MARCH 26, 2015**

| ATTENDANCE | | | | | | | | | | | | |
|--------------------|------|------|------|------|------|------|------|------|------|-------|-------|-------|
| Directors | 1/22 | 2/26 | 3/26 | 4/23 | 5/28 | 6/25 | 7/23 | 8/27 | 9/24 | 10/22 | 11/19 | 12/17 |
| Berling, Juliet | NA | P | P | | | | | | | | | |
| Cummings, Patricia | EX | P | NA | | | | | | | | | |
| David , Rich | P | P | EX | | | | | | | | | |
| Frank, Kenneth | P | P | P | | | | | | | | | |
| Jacyna, Mary | P | P | P | | | | | | | | | |
| Papastrat, Chris | P | P | P | | | | | | | | | |
| Sall , Ron | EX | P | P | | | | | | | | | |
| Shager, Chuck | P | P | P | | | | | | | | | |
| Saraceno, John | P | P | P | | | | | | | | | |
| Smith, Art | P | P | P | | | | | | | | | |
| Stromhaug, Per | P | P | P | | | | | | | | | |
| | | | | | | | | | | | | |
| Webb, Lea | EX | EX | EX | | | | | | | | | |
| | | | | | | | | | | | | |
| Staff | | | | | | | | | | | | |
| Robert Murphy | P | P | P | | | | | | | | | |
| Joel Boyd | P | P | P | | | | | | | | | |
| Sabina Mora | P | P | NA | | | | | | | | | |

President John Saraceno called the meeting to order at 9:00 AM.

APPROVAL OF THE MINUTES OF THE FEBRUARY 26, 2015 MEETING

A. Smith moved, seconded by M. Jacyna to approve the minutes of the February 26, 2015 regular meeting as presented. The Directors voted unanimously in favor and the motion carried.

C. Papastrat arrived at 9:12 AM

PRESENTATION OF THE FEBRUARY 2015 FINANCIAL REPORT

R. Murphy presented the February 2015 financial report. The President accepted the financial report. R. Sall asked what had been done about moving banking relationship from JP Morgan Chase to a local bank. J. Saraceno said the issue needed to be addressed by the Finance Committee and an RFP would have to be issued for offers of banking services to be considered competitively. C. Shager said he had an RFP format that he would provide to the Finance Committee for review. Discussion about potentially renaming the River Trail/MLK account to

Binghamton River Trail or Special Projects inasmuch as the MLK purposes had been accomplished and there was need to have an account for projects such as the 39 Munsell Street homeless veterans project.

OLD BUSINESS:

J. Saraceno reported on the Land Bank meeting of 3/25 that was attended by the Mayor, the Northside grocery store developers, BLDC representatives, the County Executive and her staff as well as the Legislative Majority leader. The Land Bank is beginning to act on the project utilizing the \$300,000 in funding from the NYS Attorney General's Office. The funds will be used to do environmental and structural studies to prepare the site for development. Again, the AG funds are intended to just make the property more marketable for the Land Bank and developers in general, not fine-tuned to the needs of the BLDC's preferred developers to proceed with their grocery store plans. J. Saraceno said the studies will take several weeks, after which the Land Bank will take a few weeks to review them, prepare an RFP will be issued for improvements probably 90-120 days before development can really move ahead. The concern is to keep the developers and their potential grocery tenants engaged through this site preparation phase.

C. Shager asked about Bubble's write-off to update BLDC books.

VMR has offered to pay \$1,000 per month for the next 6 months toward its \$320,000 defaulted loan. R. Murphy met with principal, Jeff Sands and discussed what could be done to advance the business and enable VMR to get in a position to satisfy its indebtedness to the BLDC. He emphasized there was no point in pushing the business into bankruptcy. Sands said he would appreciate assistance from Sen. Schumer's office with a \$35 million cabling contract to get in the door with some of the major defense contractors in Syracuse, Rochester, and local firms including Harris and Rockwell-Collins. A number of contractors were upset with the former VMR. New-VMR has gotten some good contracts with NASA, the international space station and other defense contractors – things are looking more positive; they have about 80 employees. R. Murphy was going to meet with Amanda Spellicy of Sen. Schumer's office to see if the Senator's office could assist with a small-business set aside contract. R. Murphy said VMR had offered BLDC another mortgage, but he would like to see a payoff instead. K. Frank said VMR defaulted and that the City was seeking a judgment of default. He said what the City chooses to do with the document remains to be determined, it can wait to see if business improves or it can enforce its judgment. K. Frank said the signed judgment was good for 10 years and can be renewed. NBT Bank owns the building. New-VMR is owned by AIAC, a conglomeration of 50 smaller manufacturing companies. The thought is that we will revisit the agreement to pay \$1,000 per month in a short time and hopefully get it increased. It is slower than would be liked but it does put the BLDC closer to reducing or recovering its \$320,000 loan.

39 Munsell Street: Tom Costello has had discussions with the veterans' home developer about HVAC, plumbing and sewer services on the property and the need to meet current NYS Building Code. R. Murphy noted that the City was being invited to a HUD conference in

Buffalo to discuss the project, that the project is being lauded by HUD on regional and national levels.

NEW BUSINESS:

73 Court Street is a mixed use 19th century commercial structure that once hosted McDonald's as a first floor tenant (now Merlin's Bar). It is under real estate contract (until 4/15) with two Binghamton University graduates. J. Saraceno said Merlin's has a long term lease. The L-shaped building also has a Commercial Alley portion with four upper story floors that are presently undeveloped and gutted. The four 1,200 SF apartments on Court Street side are occupied, have attractive views on Court Street, though in fair condition they command \$1500-1600/month from students. The Commercial Alley section could be nicer than the Court Street side. It offers high ceilings (12'-14'), attractive views that would be appeal to prospective market rate tenants. The developer's intention is to restore the building, add a green roof and high tech amenities. There would be 2-4 apartments/floor in this building portion. An elevator would need to be reinstalled (was removed by a prior owner). There are 65 windows in the building so the developers would be seeking a Façade Loan and possible Special projects loan – a total of \$350K from the BLDC. He said the Mayor is in support of loan; it would be nice to get this section of Court Street and Commercial Alley fixed up; a restored and renovate back section could cash flow nicely. C. Papastrat asked how payout worked, if BLDC would be receiving receipts before loaning funds. R. Murphy said financing is like a construction loan, receipts are required. Purchase price is around \$600K and it is expected it would cost \$1-1.5 million to complete the project. J. Saraceno said the cash flow on the current leased apartments along with the main floor commercial tenant cash flow adequately at the proposed purchase price is fairly attractive. The BU graduate developers seem to have extensive real estate experience; the proposed improvements would make the project very attractive. R. Murphy said he would seek a co-first position with a conventional lender. There was discussion about possibility of a PILOT on the property. C. Papastrat said he would not be receptive to more PILOTs for residential properties. R. Murphy said the market for luxury student housing had peaked, that there was greater need for market rate housing and encouraging its development in the downtown was worthwhile. R. Sall noted that (under a 485-B abatement) that the property should enjoy considerable relief for an initial period because of its relatively low assessment.

COMMITTEE REPORTS: none

MAYOR'S REMARKS:

Mayor David was absent.

EXECUTIVE DIRECTOR'S REMARKS:

R. Murphy had none.

C. Pappastrat motioned for adjournment, A. Smith seconded.

Meeting adjourned at 9:58 AM



Ronald Sall

Ron Sall, Secretary
Binghamton Local Development Corporation