A. Oneonta - RESTORE III - Bresee Block Redevelopment (W830)
December 18, 2009

General Project Plan

Grantee: City of Oneonta (the "City")

Beneficiary Company: Bloomfield/Schon + Partners

ESD Investment: A grant of up to $2,200,000 to be used for a portion of the cost of demolition, rehabilitation/restoration of three deteriorated buildings in downtown Oneonta.

Project Locations: 155-165 Main Street, Oneonta
151-153 Main Street, Oneonta
1 Deitz Street, Oneonta

NYS Empire Zone: N/A

Project Completion: December 2011

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Project Team:

Project Management	Robin Alpaugh
Affirmative Action	Denise Ross
Environmental	Soo Kang

Project Description:

Background

The City of Oneonta is located at the foothills of the Catskill Mountains halfway between Albany and Binghamton. In the early 1800's, the City was a farming community that was home to several grist and saw mills. In the mid-1800's, the City and area grew into a transportation hub, home to the Delaware and Hudson Railroad and a prime area for railroad repair shops and freight car production. In the late 1800's, the Oneonta Normal School (now SUNY Oneonta) was established and higher education began to develop as an important

economic sector in the area. In 1928, Hartwick College was established in the City.

Since World War II, the rail and manufacturing industries in the City have significantly declined. The Delaware and Hudson Railroad ended operations in the City in the mid-1990's. Job losses in the railroad and manufacturing sections have been somewhat offset over the past 25 years by the growth of the City's two colleges and by an expansion in the health care and tourism industries.

Recently, the City focused on the restoration of the deteriorated Bresee's Building, which is a vacant, multi-story downtown department store building and former Main Street anchor built in 1899. This 93,940 square foot complex of buildings has been completely vacant since 2006. In 2008, the ESD Directors approved a $1,000,000 City-by-City grant (V906) to help facilitate the redevelopment of the Bresee's Building. Additional grants, including a $1,000,000 Dormitory Authority of the State of New York ("DASNY") Capital Assistance Program ("CAP") grant and a $285,000 NYS Community Development Block Grant ("CDBG"), have also been obtained. These grants have helped the City secure a developer for the building. As redevelopment plans began to take shape, the City and the developer (Bloomfield/Schon + Partners of Cincinnati, Ohio) identified opportunities to expand a single building redevelopment project into a block redevelopment program that will transform the western end of the Oneonta Central Business District from a distressed and declining commercial area to a vibrant mix of housing, office, retail and performing arts uses.

Steven Bloomfield and Kenneth Schon formed the real estate development firm, Bloomfield/Schon + Partners, in 2003, combining over 40 years of architectural planning and development experience. Today, the firm includes designers, marketing specialists and financial planners. The firm specializes in unique sustainable urban opportunities that not only prove successful for users and investors but are also positive additions to the community.

<u>The Project</u>
The project includes the acquisition, demolition and rehabilitation/ restoration of three vacant, deteriorated buildings in the west end of downtown Oneonta. The focus of the project is the restoration and adaptive reuse of the original Bresee's Department Store building for commercial and residential use. The project also includes the demolition of substandard secondary buildings and building add-ons that together comprised the Bresee's store when it closed completely in 2006. A total of 54,340 square feet of secondary buildings will be demolished and the original buildings, their historic facades, and an adjacent 39,600 square foot carriage house will be rehabilitated.

A major project component is the removal of the large metal facade from the original Bresee Building and the restoration of the original historic brick storefront and rear facade. The project also includes the redevelopment of two buildings adjacent to the complex of former Bresee buildings. These buildings are 1 Dietz Street and 151-153 Main Street, which will include a mix of housing and retail uses.

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A unique feature of the project is the "Wall Street Plaza", (the "Plaza") which will be developed along the Bresee's Building and adjacent park. The Plaza will add critically needed parking to support the redevelopment project, and will provide an attractive, landscaped access to the Main Street buildings. The cost to develop the Plaza is $1,084,000 is being funded by $1,000,000 from DASNY CAP and $84,000 of Municipal Equity.

155-165 Main Street

Financing Uses	Amount	Financing Sources	Amount	Percent
Building Acquisition	$239,000	ESD RESTORE III Grant	$1,716,000	36%
Renovation	$3,150,000	Developer/City Equity*	$1,380,000	29%
Demolition/Clean-up	$310,000	ESD City-by-City Grant	$479,000	10%
Indirect/Soft Costs	$805,000	Historic Tax Credits	$900,000	19%
Interest/Fees/Marketing	$256,000	CDBG Grant	$285,000	6%
Total Site Costs	$4,760,000	Total Site Financing	$4,760,000	100%

151-153 Main Street

Financing Uses	Amount	Financing Sources	Amount	Percent
Renovation	$400,000	ESD RESTORE III Grant	$100,000	17%
Indirect/Soft Costs	$155,500	Developer Equity*	$327,500	54%
Interest/Fees/Marketing	$47,000	ESD City-by-City Grant	$175,000	29%
Total Site Costs	$602,500	Total Site Financing	$602,500	100%

1 Dietz Street

Financing Uses	Amount	Financing Sources	Amount	Percent
Building Acquisition	$225,000	ESD RESTORE III Grant	$384,000	32%
Renovation	$730,000	Developer/City Equity*	$473,500	39%
Indirect/Soft Costs	$191,500	ESD City-by-City Grant	$346,000	29%
Interest/Fees/Marketing	$57,000			
Total Site Costs	$1,203,500	Total Site Financing	$1,203,500	100%

*Source of equity are funds from Developer and/or City

Financial Terms and Conditions:

1. At the time of disbursement, the City will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.

2. The City will be obligated to advise ESD of a materially adverse change in its financial condition prior to disbursement.

3. The City will ensure the contribution of at least a 10% match of the grant amount to the project.

4. Upon receipt of the executed Grant Disbursement Agreement, ESD shall deposit $2,200,000 in an escrow account at a bank mutually acceptable to ESD and the Grantee. These funds will be used as a source of leverage for a New Markets Tax Credit ("NMTC") investment, and will be released from escrow when all other funds and transaction documentation has been finalized, including bank/developer financing. Following the NMTC transaction, once the funds flowed through the Community Development Entity to the Beneficiary Company or its project specific entity, they will again be deposited in an escrow account at a bank mutually acceptable to ESD and the Grantee. These funds will be invested as per ESD's board approved investment guidelines. Interest earned on the funds deposited in the escrow account must be returned to ESD quarterly along with copies of all bank statements, starting when the funds are deposited and continuing until all funds have been disbursed. The Grantee may, no more frequently than monthly, seek authorization to draw down funds for eligible costs from the escrow account in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. An independent engineer hired by either the bank in which the funds are placed, or grantee, and mutually agreed upon between ESD and the Grantee will be responsible for verifying and signing off for each disbursement request utilizing the forms included in ESD's Grant Disbursement Agreement. Up to 10% of the grant shall be withheld until evidence of project completion. Any and all requests to draw down funds will be made upon presentation to ESD of an invoice and other such documentation as ESD may reasonably require. Expenses must be incurred on or after May 4, 2009 to be considered eligible project costs. Previously expended funds may be applied toward match requirements retroactive to June 23, 2006, when the Restore New York Legislation was enacted.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than $2,200,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

6. If the Grantee is not the owner of the Project, then the Grantee shall prohibit, for five years from the date of the initial disbursement of Grant funds, any transfer of the Project in whole or in part, by sale, lease, or conveyance of any interest in or with respect to the Project except (a) transfers of minor interests in the Project site, such as utility easements and limited rights-of-way, and (b)(i) the arms-length basis sale or lease of individual condominium units in the ordinary course of business for a condominium development and (ii) the arms-length basis residential or commercial lease in the ordinary course of business for a commercial, residential, or mixed-use rental development. In the event that such a prohibited transfer occurs within such five-year period, the Grantee shall pay to ESD, promptly upon ESD's written demand therefor, the applicable amount indicated

below.

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

(i) 100% of the disbursed amount if the transfer occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
(ii) 80% of the disbursed amount if the transfer occurred in the second full calendar year after the disbursement was made;
(iii) 60% of the disbursed amount if the transfer occurred in the third full calendar year after the disbursement was made;
(iv) 40% of the disbursed amount if the transfer occurred in the fourth full calendar year after the disbursement was made;
(v) 20% of the disbursed amount if the transfer occurred in the fifth full calendar year after the disbursement was made.

Environmental Review:

The City of Oneonta Common Council, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on April 21, 2009. ESD staff reviewed the supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

Due to the site's location within the Oneonta Downtown Historic District, which is listed on the State and National Registers of Historic Places, ESD confirmed that the project sponsor has continued consultation with the New York State Office of Parks, Recreation and Historic Preservation ("OPRHP") pursuant to Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law. ESD will ensure that consultation is completed with OPRHP.

Affirmative Action:

ESD's Non-discrimination and Affirmative Action policy will apply. The grantee is encouraged to use its best efforts to achieve a Minority Business Enterprise participation goal of 7% and a Women Business Enterprise participation goal of 3% of the total dollar value of work performed pursuant to contracts or purchase orders entered into in connection with the construction work related to the project, and to include minorities and women in any job opportunities created by the project.

Indirect/Soft

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Statutory Basis – Restore NY Communities:
Land Use Improvement Project Findings

1. The area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest sound growth and development of the municipality.
   The project area in the City was historically a thriving commercial and retail district. Due to economic downturn, the redevelopment of this area has stalled or has become financially unfeasible. The City has encouraged business district property owners to invest in these historic properties to create a mixed-use environment with reutilization of existing structures that have vacant second and third floors. The buildings included in the project are in need of repairs or restoration, and investment in these buildings will help to encourage investment in other buildings and sites in this area of the City.

2. The project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.
   The rehabilitation of the three properties within the Bresee Block is consistent with the goals of the City's Comprehensive Plan adopted in 2007 to encourage redevelopment of strategic downtown sites, thereby establishing mixed-use buildings. These three buildings are expected to create 46,700 square feet of rehabilitated residential and commercial space, resulting in 27 new units of market rate housing and 11,800 square feet of commercial space.

3. The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.
   The City published a property assessment list and held a public hearing on the project at the time of application. The City will ensure compliance with all applicable local laws and regulations.

4. The requirements of Section 10(g) of the Act are satisfied.
   There are no families or individuals displaced from the Project area.