

G. Syracuse - RESTORE II – City Center Core Revitalization (W046)

December 16, 2010

Second Modification of the General Project Plan

Grantee: City of Syracuse

ESD Investment: \$4,500,000 Restore II Grant

Request for: Second Modification of the General Project Plan to incorporate the changes herein

Background

The Second Modification of the General Project Plan incorporates the materials previously presented to and approved by the ESD Directors on September 18, 2008 and subsequently modified on October 22, 2009 for a Restore grant to the City of Syracuse (the “City”) to aid in renovation/rehabilitation costs associated with seven buildings in downtown Syracuse.

Since the September 2008 approval, the proposed developer for one of the buildings, 317-319 South Salina Street, had to withdraw as changes in the credit market resulted in his inability to secure financing for the purchase and renovation/rehabilitation of this site. As there are several mixed-use projects in various stages from planning to near completion in the City’s center block area, the owner of the property, Peter Elitzer has made the decision to proceed with the project and he will be forming a limited liability company to complete the project (with he and his wife the sole members).

Modifications

Developer: Peter Elitzer is the founder and President/CFO of Huck Finn Clothes d/b/a Peter Harris Clothes and the Label Shopper, which operates 39 outlets in several states in the East and sells upscale to moderate priced men’s and women’s clothing. In association with his clothing business, Mr. Elitzer has successfully developed several strip malls with his retail shops as anchors. In the Syracuse area, outside of his ownership of the 317-319 South Salina Street property, he is also the owner of a 12,000 square foot plaza with a Peter Harris retail outlet as the anchor in DeWitt. He acquired the 317-319 South Salina Street property in 1995 to house a Label Shopper store on the first floor with the upper floors used for storage. While initially popular, as the City’s center core area deteriorated, the store started to lose money and eventually closed after several years in operation. With the ongoing redevelopment of a number of nearby properties in the neighborhood, Mr. Elitzer recognizes the potential value in rehabilitating and renovating the property.

Description: The project continues to be the rehabilitation and renovation of the 28,913 square foot facility commonly known as the “Label Shopper” building into a mixed-use facility. The upper four floors will be converted to market-rate residential living and the first floor will be upgraded for retail use. The plans no longer call for a self-contained parking garage within the building as originally outlined as those costs are considered too prohibitive

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to keep the project financially feasible. Whelan & Curry, a Syracuse based construction firm formed in 1992, has been selected to work on the project. Total project costs are \$3,229,000 a negligible increase from the original budget of \$3,228,779. The project is expected to be completed by September 30, 2011.

Equity: Mr. Elitzer has secured up to \$1,723,000 in permanent financing from M&T Bank and he will be investing \$483,726 of his own resources.

Revised Budget:

Financing Uses	Amount	Financing Sources	Amount	Percent
Building Acquisition	\$300,000	ESD Grant	\$1,022,274	32%
Residential Improvements	2,200,000	City Equity *	2,206,726	68%
Commercial Improvements	175,000			
Asbestos Abatement	40,000			
Contingencies	255,000			
Soft Costs	259,000			
Total Project Costs	\$3,229,000	Total Project Financing	\$3,229,000	100%

* Comprised of developer financing of up to \$1,723,000 from M&T Bank and developer equity of \$483,726.

Financial Terms and Conditions:

1. **317-319 South Salina Street** – up to \$1,022, 274 will be disbursed to the Grantee upon completion of the project substantially as described in these materials as evidenced by a certificate of occupancy and documentation of project costs totaling \$3,229,000, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after January 15, 2008 to be considered reimbursable project costs. Previously expended funds may be applied toward match requirements.

Attachments: General Project Plan (September 18, 2008)
Modified General Project Plan (October 22, 2009)

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Syracuse (Onondaga County) – Syracuse – RESTORE II – City Core Center Revitalization –
Authorization to Adopt the Second Modified General Project Plan and to Take Related
Actions

RESOLVED, that the Corporation does hereby adopt the Second Modified General Project Plan (the “Plan”) for the Project submitted to this meeting, together with such changes therein as the Chairman and Chief Executive Officer of the Corporation or his designee(s) may deem appropriate, a copy of which Plan, together with such changes, is hereby ordered filed with the records of the Corporation; and be it further

RESOLVED, that the Chairman and Chief Executive Officer of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration of the grant; and be it further

RESOLVED, that the Chairman and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

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