

C. Watkins Glen – RESTORE III – Magee Point Landing (W799)

February 19, 2010

General Project Plan

- Grantee:** Village of Watkins Glen (the “Village” or “Watkins Glen”)
- Beneficiary:** Magee Point Associates LLC
- ESD Investment:** A grant of up to \$1,190,000 to be used for a portion of the cost of construction/rehabilitation and infrastructure.
- Project Location:** 65 Salt Point Road, Watkins Glen, Schuyler County
- NYS Empire Zone (or equivalent):** Schuyler County Empire Zone
- Project Completion:** September 2010
- Grantee Contact:** Donna Beardsley, Village Clerk
303 N. Franklin Street
Watkins Glen, NY 14891
Phone: (607) 535-2736 Fax: (607) 535-7621
- Beneficiary Contact:** William Benedict, Managing Member
48 Benedict Boulevard
Elmira, NY 14903
Phone: (607) 426-9560 Fax: (607) 732-1893
- Project Team:** Project Management Robin Alpaugh
Affirmative Action Denise Ross
Environmental Soo Kang

Project Description:

Background

Founded in 1828 by Dr. Samuel Watkins, the Village of Watkins Glen’s name was adopted in 1926. It is located on the southern tip of Seneca Lake and is the Schuyler County seat. In the 1800’s, boat building and lumber were the Village’s primary industries. The construction of the Chemung Canal from 1829 to 1833 initiated a new era of commercial activity, as Seneca Lake became connected to the Erie Canal, linking it to major bodies of water.

Today the Village’s population is approximately 2,000, and its leading industries are wine production and tourism. With over 25 wineries and the Watkins Glen International Speedway, the Village enjoys the benefit of over 750,000 visitors annually from around the world. There is virtually no undeveloped land within the Village borders and over 50% of

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its acreage is tax-exempt New York State parkland. These limitations restrict opportunities for new manufacturing and housing stock, which would enable the Village to expand its tax base. In accordance with the Local Waterfront Revitalization Plan adopted in 2009, the Village is focusing on renovating significant waterfront industrial structures in order to create new housing and encourage additional tourism opportunities. This project addresses both goals.

The Project

The Village has identified two adjacent buildings for redevelopment to improve the waterfront, creating an attractive place to live and enjoy the recreation afforded by Seneca Lake. The project features the rehabilitation of the former public works building with 13,349 square feet into a mixed-use property with 8 market rate residential units and a lakeside restaurant on the lower level. The apartments will consist of 4 one bedroom units, 3 two-bedroom units and one penthouse. An elevator will be added and 6 of the apartments will have balconies. The 1,800 square foot structure located next door will be renovated into a boat dock and offer new tourism opportunities to the active boating community around the lake. The property features 450 feet of beach frontage.

The project will begin in January 2010 and is expected to be completed in September 2010. It will improve the Village’s waterfront area, attract significant investment, and provide construction jobs throughout the rehabilitation period. Magee Point Associates LLC of Elmira will be the owner and developer for the project. Johnson-Schmidt Architects of Corning, NY has been selected to design the rehabilitation of the two structures. The project will create 2 full-time jobs, a property manager and a housekeeper, and the restaurant will employ approximately 25 full and part-time employees depending on the season.

Financing Uses	Amount	Financing Sources	Amount	Percent
Property Acquisition	\$297,526	ESD Grant	\$1,190,000	40%
General Construction / Rehabilitation	\$1,787,200	Village Equity*	\$309,682	10%
Infrastructure	\$401,600	Visions Federal Union loan**	\$1,472,794	50%
Indirect/Soft Costs	\$381,406			
Equipment/Furniture	\$104,744			
Total Project Costs	\$2,972,476	Total Project Financing	\$2,972,476	100%

*Source of equity is funds from the building’s owner

**Permanent Mortgage for 10 years, 20 year amortization, fixed rate interest for 5 years, equal to the business base rate plus 2.75%, reset at the end of the initial term for 5 years to the then business base rate plus 2.75%

Financial Terms and Conditions:

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

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2. The Village will be obligated to advise ESD of a materially adverse change in its financial condition prior to disbursement.
3. The Village will ensure the contribution of at least a 10% match of the grant amount to the project.
4. Up to \$1,190,000 will be disbursed to Grantee upon completion of the project substantially as described in these materials, as evidenced by a Certificate of Occupancy and documentation of eligible project costs totaling \$2,972,476, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESDC of an invoice and such other documentation as ESDC 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 \$1,190,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Village 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

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- 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 Village of Watkins Glen Planning Board, 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 October 22, 2008. ESD staff reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

Affirmative Action:

ESD’s Non-Discrimination and Affirmative Action policy will apply. The Grantee agrees to use its best efforts to include minorities and women in any job opportunities created by the project and to solicit and utilize Minority and Women-owned Business Enterprises for any contractual opportunities generated in connection with the project.

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 was formerly a municipal property that was declared surplus by the Village. Redevelopment of this waterfront area was not financially feasible. The Village has encouraged property owners to invest in properties to create revenue generating, mixed-use reutilization of existing structures. The buildings included in the project are in need of repairs or restoration, and investment in these buildings will help to promote recreation/tourism and residential opportunities in this area of the Village.
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 project involves the rehabilitation and reconstruction of two adjacent properties. In accordance with the Local Waterfront Revitalization Plan adopted in 2009, the Village is focusing on renovating these two significant waterfront industrial structures in order to create new housing and encourage additional tourism opportunities.

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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 Village published a property assessment list and held a public hearing on the project at the time of application. The Village 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.

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Watkins Glen (Schuyler County) – Watkins Glen - RESTORE III – Magee Point Landing –
Restore NY Communities 08-09 – Determination of No Significant Effect on the
Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Watkins Glen
– RESTORE III – Magee Point Landing Capital Project, the Corporation hereby determines that the
proposed action will not have a significant effect on the environment.

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