

A. Oswego – RESTORE III – The Oswego Stevedore Project (W841)

September 14, 2010

General Project Plan

Grantee: The City of Oswego (the “City” or “Oswego”)

Beneficiary Company: Stevedore Lofts, LLC

ESD Investment: A grant of up to \$1,600,000 to be used for a portion of construction costs associated with the rehabilitation and restoration of the Stevedore building in downtown Oswego.

Project Location: 317 West First Street, Oswego, Oswego County

NYS Empire Zone (or equivalent): City of Oswego

Project Completion: August 2011

Grantee Contact: Mary Vanouse, Director
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Beneficiary Contact: Robert Medina, President
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Project Team: Project Management Meg Paskins
Affirmative Action Helen Daniels
Environmental Soo Kang

Project Description:

Background

The City of Oswego is located on the southeast shore of Lake Ontario. Oswego’s industrial economy of the 19th and 20th centuries has been replaced by a service economy primarily based on higher education and tourism and a burgeoning alternative energy industry. Additionally, The Port of Oswego is an international port and remains vital to the local economy. It annually accommodates over 50 commercial vessels carrying a variety of cargo serving the shipping needs of local industry and surrounding areas. In addition, the value of Oswego’s waterways provides an important connection to marine pleasure travel from the St. Lawrence Seaway, the Great Lakes and the New York State Erie Canalway National Heritage Corridor.

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The Stevedore building, listed on the State and National Registers of Historic Places, is one of the few remaining buildings in Oswego representing the industrial heritage of the Oswego area, especially the riverfront industry that relied on the power of the Oswego River and adjacent rail line. While various owners over the years have utilized some of the first floor space for warehousing and storage, the bulk of the 42,000 square-foot-building has gone unused for decades. There are active businesses in the immediate area and this large, empty building creates an atmosphere of neglect due to its size, condition and location right on the sidewalk of a heavily trafficked street.

Restore NY funding will be used to help with costs associated with the rehabilitation and restoration of the Stevedore building into a mixed-use facility. The adaptive reuse of the Stevedore building provides a significant benefit to the community as it will preserve an historic structure and attract new residents and businesses to the community. This will result in increased activity and spending, thus improving the City's tax base. Restore NY funding is integral to the Project's viability as it leverages a significant amount of public and private investment.

The Project

The Stevedore building site consists of three buildings constructed between 1897 and 1911. It has four stories on the north side and two stories on the south side with 42,000 square feet overall. The project will convert the post and beam former industrial mill into a mixed-use facility. Most of the existing architectural features will be retained to create unique and inviting living and commercial spaces. These features include massive wood columns and beams, exposed brick walls, industrial fire doors and large windows. The plan is to construct 29 market rate residential spaces and 3 commercial office spaces. Anticipated completion of the project is August 2011.

Stevedore Lofts, LLC (the "LLC") is a new entity specifically formed for this project. The four LLC partners are Ted Kinder, Robert Medina, Timothy Stitt, and Larry Clark. Mr. Kinder and Mr. Medina co-founded MCK Building Associates Inc. ("MCK"), a general construction firm based in Syracuse, New York, in 1978 that specializes in renovations, historic renovations and new construction. Mr. Stitt is Vice President of MCK and has been with the company for 25 years. Mr. Clark is financial controller of MCK and has been with the company for over 4 years. MCK will be the general contractor for the Stevedore project. MacKnight Architects, LLP was chosen as the architect for the Stevedore project. The Syracuse based firm was founded in 1985 and has extensive experience with historic renovations and has worked successfully with the Stevedore building development team in completing high quality mixed-use projects on historic buildings.

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Financing Uses	Amount	Financing Sources	Amount	Percent
Acquisition of land/building	\$500,000	ESD Grant	\$1,600,000	24.3%
Construction	3,762,000	Community Preservation Corp. ***	2,747,000	41.8%
Site Preparation	221,255	CityScape Capital Group ****	1,104,000	16.8%
Indirect/Soft Costs *	993,400	NYS Historic Tax Credits	1,020,540	15.5%
Other Costs**	1,095,000	Developer Equity	94,715	1.4%
		City of Oswego	5,400	0.1%
Total Project Costs	\$6,571,655	Total Project Financing	\$6,571,655	100.0%

*Includes professional fees, engineering, insurance, closing costs, contingencies, legal costs and insurance.

** Includes operating reserves, construction interest, and developer fees.

*** 5.953% fixed rate (as of June 2010) - 30 year term- secured by first mortgage on real estate

**** Federal Historic Tax Credits

Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, 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. Up to \$1,600,000 will be disbursed to Grantee upon completion of the project substantially as described in these materials as evidence by a certificate of occupancy and documentation of project costs totaling \$6,500,000, 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 May 4, 2009 to be considered reimbursable 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 \$1,600,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the City 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

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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 therefore, 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 Oswego 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 a Type I Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on June 28, 2010. 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.

Due to the building's inclusion in the New York State and National Registers of Historic Places, ESD has confirmed that the project sponsor initiated 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 in accordance with a Letter of Understanding.

Affirmative Action:

ESD's Non-discrimination and Affirmative Action policy will apply. The City of Oswego 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

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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.

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 Stevedore building has remained empty and underutilized for decades. Due to its age and lack of use over the years, the building has deteriorated causing water infiltration, brick failure and blight to the neighborhood. Due to its size and location, both on a very busy street and along the riverfront, this blight impairs the businesses around the facility and also impairs visitors' view of the City when coming by the Oswego River and Erie Canal and NYS route 481. The land around the building is unkempt and unsightly and is often the site of blown refuse. Without development, this building will experience further deterioration which could prevent the building from being repaired and force demolition within the next few years. As a large and important structure to the City's history and community, it is imperative that the City foster the development of the Stevedore building and prevent further deterioration and underutilization and instead see positive rehabilitation and reuse of the site for residential and commercial uses.

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 Oswego Empire Zone, Local Waterfront Revitalization ("LWRP"), and 2020 Vision plans provide significant guidance and support for the Stevedore project. The Oswego Empire Zone specifically targets revitalizing the Oswego waterfront and urban center to diversify the economy and promote tourism and employment. The rehabilitation of the Stevedore building will contribute to the local economy by providing new commercial and microenterprise opportunity sites as well as through additional private investment.

The LWRP specifically addresses improving public access to the waterfront, using the waterfront as an economic catalyst, increasing leisure and tourist opportunities, encouraging residential development and supporting the Port of Oswego. The Stevedore project will increase attraction to the waterfront and other nearby businesses as well as increase opportunities to provide goods and services to new residents as well as supporting new commercial enterprises.

The 2020 Vision Plan provides further support for the Stevedore project in many policy areas including Main Street/Downtown and Local Commerce/Tourism. Both policy areas call for the support of development opportunities throughout the City and working in various public and private partnerships to provide the necessary funding and technical support to accomplish redevelopment and restoration.

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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 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.

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Oswego (Oswego County) – Oswego – RESTORE III– The Oswego Stevedore Project –
Restore NY Communities 08-09 (Capital Grant) – Determination of No Significant
Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the – Oswego
– RESTORE III– The Oswego Stevedore Project, the Corporation hereby determines that the
proposed action will not have a significant effect on the environment.

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