

B. Corning Intown District Management Association - Market St. Rehabilitation (X482)

December 14, 2011

General Project Plan

- Grantee:** Corning Intown District Management Association, Inc. (“Corning’s Gaffer District” or the “District”)
- Beneficiary Company:** 54-58 E. Market St. LLC
- ESD Investment:** A grant of up to \$200,000 to be used for a portion of the cost of rehabilitating a 13,230-square-foot building in the downtown district to create new mixed-use space.
- Project Location:** 54-58 East Market St., Corning, Steuben County
- Project Completion:** May 2012
- Grantee Contact:** Kristen Stewart, Director of Preservation and Design
114 Pine Street, Suite 202
Corning, NY 14830
Phone: 607-937-6292 Fax: 607-936-3112
- Beneficiary Contact:** Peter Krog, Member
54-58 E. Market St. LLC
c/o The Krog Corp
4 Centre Drive
Orchard Park, NY 14127
Phone: 716-667-1234 Fax: 716-667-1258
- Project Team:** Project Management Robin Alpaugh
Affirmative Action Denise Ross
Environmental Soo Kang
- Regional Council:** The Southern Tier Regional Council has been made aware of this item.

Project Description:

Grantee Background

The City of Corning (the “City”) was formed in 1890 when the Villages of Corning and Knoxville were joined together after a group of investors purchased area farmland to take advantage of the newly planned railroad. The City was named after Erastus Corning, one of the key investors. It quickly became a railroad town, and the railroad employed hundreds of residents. The second major employer, Corning Glass Works, became a major

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early producer of Edison's glass light bulb encasements. Today, the City is the worldwide headquarters for Corning Inc., now a premier provider of advanced materials and technologies and the City's lead employer, with 4,800 employees.

Corning's Gaffer District is a federally recognized Business Improvement District, founded in 1992, that serves to enhance the overall economic and community character and physical sustainability of Corning's downtown through a coalition of public and private stakeholders. Named after the industry term for master glassblower, Corning's Gaffer District features architecture and preservation, with many buildings included on the National Register of Historic Places. The District offers a diverse representation of commerce with more than 250 businesses within its boundary, ranging from boutiques to Fortune 500 companies.

Prior assistance from ESD to downtown Corning includes a \$961,716 Restore NY I grant in May 2007 to assist with costs associated with the rehabilitation of the Henkel Building. In July 2008, ESD approved a \$750,000 grant through RESTORE NY II to assist with the second phase of the plan, to redevelop and rehabilitate three vacant East Market Street buildings. Both projects have been completed and funds fully disbursed. In May 2010, ESD approved additional funds through Restore NY III in the amount of \$620,000 to assist with the rehabilitation of 54-58 East Market St. The subject grant is considered integral to completing the redevelopment of this targeted downtown structure, given the significant expense to renovate the building.

Beneficiary Company Background

54-58 E. Market St. LLC, is an entity established by The Krog Corp. ("Krog"), a design/build company, that provides general contracting, engineering, construction management, and development services, for the purposes of developing this project. Krog Corp. is the developer and owner of the property. Krog specializes in design and construction of new and renovated facilities. Services include cost analysis, value engineering, estimating, and purchasing; coordination with consultants, subcontractors, and suppliers; and three-dimensional modeling and architectural services. It serves commercial, industrial, educational, and institutional sectors. The company was founded in 1995 and is based in Orchard Park, with an additional office in Corning.

The Project

Rehabilitation of 54-58 East Market St., also known as the Van Heusen Building, will include repairs of failing trusses, exterior walls, updated HVAC, new windows, and façade restoration, as well as the installation of plumbing and electric on the upper floors. A new elevator will be installed to provide handicapped accessibility. The project will retain the first floor anchor business (Van Heusen clothing store) while the second and third floors

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will be renovated into commercial office space that will house 2-3 new businesses. The expected completion date for this project is May 2012.

Financing Uses	Amount	Financing Sources	Amount	Percent
Acquisition	\$250,000	ESD Grant	\$200,000	13%
Renovations	1,085,215	ESD Restore NY III Grant (W856)	620,000	40%
Infrastructure/Site Work	110,000	City Equity*	380,000	24%
Indirect/Soft Costs	119,400	Bank Financing**	364,615	23%
Total Project Costs	\$1,564,615	Total Project Financing	\$1,564,615	100%

*Source of the equity funds is from the building's owner and New York State Main Street Grant program

**Five Star bank financing, prime rate plus ½ %, 5 year term, 20-yr amortization

Environmental Review:

Pursuant to the State Environmental Quality Review Act, Article 8 of the Environmental Conservation Law and its implementing regulations (6 NYCRR Part 617), and in connection with the approval of funding for the proposed project, the Directors made a Determination of No Significant Effect on the Environment at their meeting of June 24, 2010. This determination addressed all aspects of the proposed project. Therefore, no further environmental review is required in connection with this action.

Statutory Basis – Community Capital Assistance Program:

The project was authorized in accordance with Chapter 84 of the Laws of 2002 and reappropriated in the 2011-2012 New York State budget.

Disclosure and Accountability Certifications:

The Grantee and Beneficiary Company have provided ESD with the required Disclosure and Accountability Certifications. Grantee's and Beneficiary Company's certifications indicate that Grantee and Beneficiary Company have no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.