

E. Binghamton – RESTORE III – Targeted Commercial Catalysts (W838)
July 15, 2010

General Project Plan

Grantee: City of Binghamton (“Binghamton” or the “City”)

Beneficiaries: Broome County
Opportunities for Broome
Stellar 83 Court LLC
Christopher Quereau – Raya Holding Co.
Binghamton Local Development Corporation

ESD Investment: A grant of up to \$1,275,510 to be used for a portion of the cost of demolition and/or reconstruction of five buildings in downtown Binghamton.

Project Locations: Binghamton, Broome County
10-12 W. State Street
530-532 State Street
199 State Street
9 W. State Street
83 Court Street

NYS Empire Zones: Triple Cities Empire Zone

Project Completion: September 2011

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Project Team:	Project Management	Robin Alpaugh
	Affirmative Action	Denise Ross
	Environmental	Soo Kang

Project Description:

Background

Binghamton, located at the intersection of I-86 and Route 81 in Broome County, was incorporated in 1867. The City was first discovered in 1786 by William Bingham and has historically been an industrial city producing a broad range of goods including cigars, shoes, flight simulators and time keeping devices.

In 2003, the City established a comprehensive plan to revitalize vital neighborhood centers including the downtown district. The City is now at a critical point where downtown redevelopment (commercial, retail and professional office space), combined with encouraging young professionals and Binghamton University students to live and work in the downtown area, has never been more important to its future. As part of that effort, in August 2007, Binghamton University opened its new \$29 million, 74,000-square-foot downtown center. An estimated 4,000 students per week utilize the campus, bringing foot traffic and purchasing power to downtown. In 2010, work began on a \$20 million four-story student housing project adjacent to the downtown center. It is expected to house 400 students and be open by fall 2011.

The Restore III project will substantially revitalize the City's Chenango – State Street corridor from the center of downtown to the proposed Green Gateway at the northeast

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entrance to the City. Redevelopment of the five commercial and mixed-use properties meets the long range goals to revitalize the urban center and induce commercial investment.

The ESD Directors approved a \$525,000 Restore II grant (W049) for the City in June 2008 to assist in the demolition of the Ross Building, a vacant commercial property that had become a public safety hazard in the center of downtown.

The Project

The project involves the demolition and/or reconstruction of the following five properties in downtown Binghamton:

10-12 W. State Street – Demolition of a vacant 3,195 square foot fast food restaurant. The property, currently owned by the Binghamton Local Development Corporation, will be reconfigured into a new entranceway for an existing shopping center. Once the redevelopment of the site is completed, it will directly benefit a newly secured grocery store on the north side of Binghamton. The new neighborhood grocery store has been a priority of the City and is expected to create 15 to 20 full-time equivalent positions. Total demolition cost of the building, completed in March 2010, was \$29,115.

530-532 State Street – Demolition of a vacant 17,853 square foot bowling alley. The property is owned by Broome County and the local Salvation Army has expressed interest in purchasing the land to build a new Community Resource Center. The construction of a new facility at this location will help eliminate blight and promote further neighborhood redevelopment. The center is expected to create 20 new jobs. Total demolition costs are projected at \$121,395 and a July 2010 completion date is anticipated.

199 State Street – Rehabilitation of a 3,000 square foot vacant commercial building, located in the “Artists Row” section of Binghamton, into commercial space for Vibrant Creative, a local marketing/public relations firm. The scope of work included a new stucco façade, new window and a revised entryway. The company is expected to create 7 new jobs at this location. Total project cost for acquisition and rehabilitation of the building was \$195,638 and the project was completed in September 2009.

9 W. State Street – Rehabilitation of a 5,600 square foot vacant commercial building. The acquisition and rehabilitation project, completed in February 2010, is now the new location for Opportunities for Broome (“OFB”). OFB provides residential development for low to moderate income families. The presence of OFB along this targeted redevelopment corridor is important, as it leverages millions of dollars in Federal and State housing and urban development funds and generates jobs through construction/project management. Total project cost for acquisition and rehabilitation of the building was \$734,890.

83 Court Street - Rehabilitation of a vacant 102,874 square foot commercial building in the heart of downtown Binghamton into a mixed-use facility. The building owner and developer is Stellar 83 Court LLC. The project, which began in October 2009, will provide new

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retail/commercial opportunities as well as living space for students and young professionals. It is projected to create 80 new jobs over the next 3-5 years in construction and retail/commercial sectors. The project is expected to be completed in August 2011. Total project cost for acquisition and rehabilitation of the building is estimated at \$9,769,366.

10-12 W. State Street

Financing Uses	Amount	Financing Sources	Amount	Percent
Demolition	\$17,655	ESD Grant	\$29,115	100%
Haz Mat Abatement	\$11,460			
Total Project Costs	\$29,115	Total Project Financing	\$29,115	100%

530-532 State Street

Financing Uses	Amount	Financing Sources	Amount	Percent
Demolition	\$83,195	ESD Grant	\$121,395	100%
Haz Mat Abatement	\$38,200			
Total Project Costs	\$121,395	Total Project Financing	\$121,395	100%

199 State Street

Financing Uses	Amount	Financing Sources	Amount	Percent
Acquisition	\$70,000	ESD Grant	\$50,000	26%
Rehabilitation	\$125,638	City Equity*	\$145,638	74%
Total Project Costs	\$195,638	Total Project Financing	\$195,638	100%

* Comprised of owner equity.

9 W. State Street

Financing Uses	Amount	Financing Sources	Amount	Percent
Acquisition	\$490,000	ESD Grant	\$200,000	27%
Rehabilitation	\$244,890	City Equity*	\$142,890	20%
		Private Financing**	\$392,000	53%
Total Project Costs	\$734,890	Total Project Financing	\$734,890	100%

* Comprised of owner equity.

**Private loan arrangement through building seller, 6.75% over 25 years

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83 Court Street

Financing Uses	Amount	Financing Sources	Amount	Percent
Acquisition	\$624,750	ESD Grant	\$875,000	9%
Rehabilitation	\$9,144,616	City Equity*	\$1,562,044	16%
		Bank Financing**	\$5,000,000	51%
		Historic Tax Credits	\$2,332,322	24%
Total Project Costs	\$9,769,366	Total Project Financing	\$9,769,366	100%

* Comprised of owner equity.

**Visions Federal Credit Union construction loan that converts to permanent financing once CO is issued, term is 10 years from conversion, 20 year amortization, interest rate fixed at lender's base rate plus 2.75%

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. Up to \$1,275,510 will be disbursed to Grantee as follows:

10-12 W. State Street, 530-532 State Street - up to \$150,510 will be disbursed to the grantee upon completion of the demolition projects substantially as described in these materials, including hazmat abatement, and upon documentation of eligible project costs totaling \$150,510, 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.

199 State Street - up to \$50,000 will be disbursed to the grantee upon completion of the project substantially as described in these materials and as evidenced by a certificate of occupancy and documentation of \$195,638 in eligible acquisition/rehabilitation costs, 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

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Restore New York Legislation was enacted.

9 W. State Street - up to \$200,000 will be disbursed to the grantee upon completion of the project substantially as described in these materials and as evidenced by a certificate of occupancy and documentation of \$734,890 in eligible acquisition/rehabilitation costs, 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.

83 Court Street – up to \$875,000 will be disbursed to the grantee as follows:

- a) An initial disbursement of an amount equal to 50% of the grant (\$437,500) will be disbursed to the grantee upon documentation of \$4,884,683 in eligible acquisition/rehabilitation costs, 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.
- b) A second disbursement of an amount equal to 50% of the grant (\$437,500) will be disbursed to the grantee upon completion of the project substantially as described in these materials and as evidenced by a certificate of occupancy and documentation of an additional \$4,884,683 in eligible acquisition/rehabilitation costs, (aggregate total of \$9,769,366), 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 \$1,275,510, 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

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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 Binghamton City 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 20, 2009. 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 inclusion of the building at 83 Count Street in the Court Street Historic District, which is listed on the New York State and National Registers of Historic Places, ESD has confirmed that the project sponsor consulted 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. No further consultation is required, subject to a Letter of Understanding.

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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 M/WBE firms 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 involves the demolition and rehabilitation of vacant commercial buildings in the core downtown area and along a primary entry-way to the downtown , which has been deemed by the City to arrest sound growth and development in the area.

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 demolition and rehabilitation of targeted areas that the City has included in its overall master development plan established in 2003, that includes revitalizing the downtown center and main corridors; supporting mixed-use redevelopment of the new and existing property; and encouraging a mix of residential and commercial uses to promote/attract arts and culture, entertainment, and provide professional/residential loft living 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.

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Binghamton (Broome County) – Binghamton - RESTORE III – Targeted Commercial Catalysts – 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 Binghamton - RESTORE III – Targeted Commercial Catalysts Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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