

G. Syracuse – RESTORE III– The Connective Corridor: Building Upwards (W828)
June 24, 2010

General Project Plan

- Grantee:** City of Syracuse (the “City” or “Syracuse”)
- Beneficiary Company:** 215 West Fayette Street Associates, LLC
- ESD Investment:** A grant of up to \$1,300,000, pending passage of the New York State budget, to be used for a portion of construction related costs associated with rehabilitation and renovation costs.
- Project Locations:** 215 West Fayette Street, Syracuse, Onondaga County
- NYS Empire Zone (or equivalent):** City of Syracuse Empire Zone
- Project Completion:** June 2011
- Grantee Contact:** Ben Walsh, Deputy Commissioner, Department of Neighborhood and Business Development
City Hall
233 East Washington Street, Room 312
Syracuse, NY 13202
Phone: (315) 448-8028 Fax: (315) 448-8036
- Beneficiary Contact:** John Cerio, Manager
5500 Main Street, Suite 214
Williamsville, NY 14221
Phone: (716) 632-6946 Fax: (716) 631-2635
- Project Team:**
- | | |
|--------------------|---------------|
| Project Management | Meg Paskins |
| Affirmative Action | Helen Daniels |
| Environmental | Soo Kang |

Project Description:

Background

Syracuse is located in the geographic center of New York State and has been called the “Crossroads of New York State” due to its central location and proximity to the New York State Thruway/Route 81 intersection. The City continues to focus on the revitalization of its urban core in order to remain competitive in attracting and retaining both residents and businesses. The Connective Corridor project is a \$30 million joint effort by the City and Syracuse University (“SU”) to connect University Hill, the cultural institutions, and Downtown Syracuse via a comprehensive streetscape and transportation improvement plan. New York State has committed \$20 million for the Connective Corridor project, \$10 million

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to be administered by ESD (Project #V916, approved by the ESD Directors on January 15, 2009) and \$10 million to be administered by the Dormitory Authority of the State of New York. The Connective Corridor project will also be receiving Federal monies.

The Connective Corridor: Building Upwards (“CCBU”) project is targeting properties located at strategic intersections along the Connective Corridor route that will assist in re-establishing the urban core of Syracuse as the hub of commercial, social and cultural activity in the region. Two of these properties are the focus of the City’s Restore III project which was awarded \$6.3 million in Restore III funds - \$1.3 million for 215 West Fayette Street and \$5 million for 109 Wyoming Street.

The 215 West Fayette Street site, located in the heart of downtown Syracuse and one of the last remaining vacant buildings in the Armory Square historic district, will be renovated into 14 market rate residential units and street level retail space. The property located at 109 Wyoming Street, to be brought to the Directors at a later date, is located in the Near West Side community of Syracuse and will be the new home of WCNY, the public broadcasting station of Central New York and a key component of the CCBU. The relocation and creation of a new WCNY headquarters to the Near West Side will bring 75 existing full-time and part-time equivalent employees as well as five new employees to this community.

Several local and revitalization plans have served as foundations for development of the CCBU project. The City of Syracuse’s Comprehensive Plan 2025 identified seven “Strategic Economic Areas” that support distinct economic development opportunities. Downtown Syracuse was one of the strategic economic areas. The CCBU is also consistent with a sustainable design assessment team report that recommended a focus on downtown Syracuse as the location where public investments can generate the greatest multiplier impacts; and with the goals of the Syracuse Neighborhood Initiative, a local housing and public improvement program started through the efforts of local officials.

Restore III funding is considered integral to the success of the CCBU as it leverages a significant amount of private, state and federal investment dollars. It compliments the CCBU renovation projects which play a crucial role in the ongoing revitalization of the urban core as a social, economic, residential and cultural hub.

The City has been the past recipient of Restore NY funding. Round I secured a \$50,000 grant for the demolition of a structure on a brownfield site (fully disbursed) and two grants for two properties in downtown Syracuse for environmental abatement related costs - \$1,750,000 for the Hotel Syracuse (partially disbursed) and a \$350,000 grant for the Wilson Building, part of a 4-building project set to begin shortly. Round II secured a \$4.5 million grant for the City Core Revitalization project which entailed the renovation and rehabilitation of 7 properties in downtown Syracuse (1 property completed, 3 properties underway and 3 properties in various stages of project initiation) and a \$ 2,900,000 grant to

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provide new commercial and community spaces (under development) and increase the number of owner-occupied residents (underway) in the Near West Side community.

The Project

The \$1.3 million in Restore III funds will be used for the rehabilitation and renovation of a vacant, 22,400 square foot building into 14 market rate apartment units and 4,300 square feet of first floor retail space. John Cerio is the sole shareholder of 215 West Fayette Street Associates, LLC, the development company formed for the project. Mr. Cerio, through another entity, CRS Companies, has been involved in real estate development for over 20 years and has developed approximately one million square feet of commercial and residential property. Silvestri Architects, PC, based in Buffalo, has been selected as the architect for the project and Platinum Builders, LLC, based in Boston, has been selected as the general contractor. The renovation and rehabilitation of 215 West Fayette Street will begin in July 2010 and is projected to be completed in June 2011.

| Financing Uses | Amount | Financing Sources | Amount | Percent |
|----------------------------|--------------------|--------------------------------|--------------------|-------------|
| Renovation/Construction | \$2,724,029 | ESD RESTORE III Grant | \$1,300,000 | 28% |
| Engineering | 170,000 | City Equity** | 1,026,346 | 22% |
| Indirect/Soft Costs * | 1,787,917 | CPC Loan *** | 1,500,000 | 32% |
| | | Federal Historic Tax Credits | 855,600 | 18% |
| | | | | |
| Total Project Costs | \$4,681,946 | Total Project Financing | \$4,681,946 | 100% |

* Includes professional services, demolition, legal and bank fees, insurance, environmental assessment, contingencies, development fee, carrying costs, and operating reserves

** Source of equity is from the owner.

*** Community Preservation Corporation loan – 30 year term/6.2%/secured by a first mortgage and a personal guarantee of completion and repayment from owner during construction and lease-up

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 \$1,300,000 will be disbursed to the Grantee upon completion of the 215 West Fayette Street project substantially as described in these materials, and upon documentation of project costs totaling \$4,600,000, assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation

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to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or 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 \$1,300,000, 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 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.

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Environmental Review:

ESD staff has determined that the project constitutes a Type II action as defined by the New York State Environmental Quality Review Act (“SEQRA”) and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with the project.

Due to the building's historic significance as a contributing building within the Armory Square Historic District, which is listed on 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 for the project.

Affirmative Action:

ESD’s Non-Discrimination and Affirmative Action policy will apply. The City of Syracuse shall use its best efforts to achieve Minority and Women-owned Business Enterprise participation of not less than 5% of the total dollar value of work performed pursuant to contracts or purchase orders entered into in connection with the construction work related to the Project and meaningful Minority and Female Workforce participation.

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 CCBU project is rooted in Syracuse’s strategic planning efforts to strengthen its downtown core and adjacent neighborhoods. Syracuse’s population peaked at 221,000 in 1950, and has experienced a steady decline since, reaching its current population of approximately 146,000. The area’s that have experienced the most significant impacts of this economic downturn have been the downtown and the surrounding neighborhoods, creating clusters of highly underutilized or abandoned structures. The Near West Side is one of the poorest census tracts in the country. Downtown Syracuse continues to have a significantly high vacancy rate, with some blocks containing a majority of vacant or underutilized structures.

A strong urban core and healthy neighborhoods are vital to the revitalization of Syracuse. The implementation of the CCBU project will significantly aid in the further revitalization of both areas and will also greatly succeed in connecting these two distinct places.

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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 City of Syracuse Comprehensive Plan 2025 has provided a basis of support for a strong urban core and revitalized commercial corridors. The plan identifies the City's center core as a "strategic economic area" offering distinct economic development opportunities and recommends a number of actions including development of downtown market rate housing opportunities and the preservation and revitalization of historic structures, consistent with the buildings included in the CCBU project. Continued investment in this area will create a stronger City core, thus furthering the stabilization of Syracuse's downtown.

In addition to the Comprehensive Plan 2025, the City has been working with Syracuse University to develop strategic plans for the Near Westside neighborhood. Specifically, this new vision focuses on an 11-block area (28 acres) at the northeast corner of the Near West Side that will include new commercial/residential mixed-use developments in a 3-block area and investments in residential properties in an 8-block area.

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.

June 24, 2010

Syracuse (Onondaga County) – Syracuse – RESTORE III – The Connective Corridor:
Building Upwards – 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 Syracuse – RESTORE III – The Connective Corridor: Building Upwards Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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