

FOR CONSIDERATION

September 15, 2011

TO: The Directors

FROM: Kenneth Adams

SUBJECT: Town of Salina (Onondaga County) – Electronics Park

REQUEST FOR: Approval of Modification of Purchase and Sale Agreement to DeStefano Development, LLC and Authorization to take Related Actions

I. Project Summary

Purchaser: DeStefano Development, LLC
411 Cambridge Avenue
Syracuse, NY 13208

Size: 2.9 +/- acres of land

Proposed Use: Commercial Development

Transaction: Purchase

Purchase Price: \$160,000 (with additional \$150,000 to be paid if property is used for retail purposes within the next five years)

Commission: 7% - Pyramid Brokerage Company, Inc.

ESD Participation: Approval of conveyance at modified price

II. Background

In April 1996, ESD Directors authorized the acquisition of approximately 183 acres of land and 10 buildings of the former Lockheed Martin Corporation (“LMC”) facility for \$6 million and entered into a 30 year lease for this property with the Metropolitan

Development Foundation of CNY (“MDF”), an affiliate of the Metropolitan Development Association of Syracuse and Central New York (“MDA”), which is operating and developing the property, renamed Electronics Park (the “Park”), as a mixed-use, multi-tenant industrial/office park through its subsidiary, Electronics Park LLC (“LLC”).

Since October 1, 1996, the LLC has directed the management, sales and leasing activities, and utilities operation at Electronics Park. Although ESD leased the property to the LLC with the intent of the LLC’s selling or subleasing land and/or existing buildings, the deed is still in ESD’s name, therefore, ESD Directors must approve proposed property dispositions. Revenue from sales and rentals, however, go directly to the LLC and not to ESD. ESD has the ability to review and veto transactions, but is never involved with sales and negotiation efforts.

The Park is zoned O-2, Office/Light Industrial by the Town of Salina. An approximate 16 acre parcel in the southeast corner, within which the subject “Lot 1” is located, is zoned C-3 Planned Commercial District. Because there originally was a single owner, utility systems (gas, electric, telephone, sewer and water services) are common to the entire complex. For each transaction, the LLC will incur the expense of dedicating the utility systems to the specific building. In addition, the LLC is responsible for preliminary environmental review as well as for asbestos abatement, if needed. All parties renting and buying property at the Park will be responsible for paying their respective common charges, thereby reducing LLC’s on-going expense.

In accordance with previous agreements, all closings will be contingent upon LMC’s satisfactory review and approval of excavation plans, execution of an Amendment to the Environmental Electronics Park Agreement and Subsequent Transferee Agreement between LLC and LMC.

DeStefano Development LLC (“DeStefano”) is a local family-owned business that has been active in the Syracuse area for the past 30 years. They build, own and manage commercial properties throughout the Syracuse area, counting Daltile, Trane and The American Heart Association among its tenants.

Proposal and Valuation

In July 2009, the LLC’s board approved the conveyance of Lot #1 to DeStefano for a purchase price of \$465,000. The purchase price exceeded the value of a market study evaluation commissioned by the LLC and completed by Pomeroy Appraisal Associates in July 2009.

At their September 17, 2009 meeting, ESD Directors authorized the sale of the above-referenced parcel to DeStefano Development at a purchase price of \$465,000. At the time, DeStefano proposed to construct a retail center that would provide services such as restaurants, banks or general retail to park tenants and the surrounding area.

However, after nearly two years of effort, DeStefano has been unable to find a retail tenant and has elected to purchase Lot #1 for office use. Consequently, the value of Lot #1 has been reduced significantly. In December 2010, the LLC board approved a modification of the Purchase and Sale Agreement reducing the purchase price of Lot #1 (renamed "Lot #1B") to \$160,000. A January 2011 appraisal by Robin A. Kubicki, MAI valued the property at \$160,000.

Additionally, DeStefano has made a request for the Town of Salina Planning Board to waive a prohibition against a "drive through" on the Lot #1B. ESDC, as owner, has been requested by the LLC to sign the petition to the Town of Salina Planning Board.

Affirmative Action

DeStefano agrees to the following policy, which will appear in the purchase agreements and deeds:

Purchaser and every successor in interest to the property shall not discriminate upon the basis of race, creed, color, sex, or national origin, in the sale, lease or rental, or in the use or occupancy of the property or any improvements erected or to be erected thereon or any part thereof. This covenant shall run with the land in perpetuity.

Environmental Review

The sale of land and buildings within Electronics Park was contemplated in previous environmental reviews and approvals by the Directors. No further action is required in connection with this sale.

Attachments

Resolution

September 15, 2011

Town of Salina (Onondaga County) – Electronics Park – Approval of Modification of Purchase and Sale Agreement to DeStefano Development, LLC and to take related action

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the Electronics Park -- Project (the "Project"), the Corporation may sell and convey to DeStefano Development, LLC (the "Purchaser"), or any corporation or other business entity affiliated or controlled by the Purchaser, and satisfactory to the President and Chief Executive of the Corporation or his designee(s), for corporate development purposes Lot #1 acquired by the Corporation located within Electronics Park, substantially on the modified terms and conditions set forth in the Materials, and be it further

RESOLVED, that the Corporation also may sell and convey to resale to the Purchaser or any corporation or other business entity affiliated or controlled by the Purchaser and satisfactory to the President and Chief Executive Officer of the Corporation or his designee(s) Lot #1 substantially on the modified terms and conditions set forth in the Materials; and be it further

RESOLVED, that the Corporation hereby finds, pursuant to Section 6(1) of the New York State Urban Development Corporation Act of 1968, as amended (the Act), that such sale as proposed and approved herein is in conformity with a plan for Electronics Park; and be it further

RESOLVED, that the President and Chief Executive Officer of the Corporation or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to take such actions and make such modifications, execute and deliver and affix the seal of the Corporation to all such agreements, contracts, deeds, certificates and instruments and to take any such action as he may, in his sole discretion, consider to be necessary or proper to effectuate the sale of such property.

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