

Meeting of the Olean Urban Renewal Agency
Wednesday, September 19, 2018
8:30 a.m.
Room 119 – Olean Municipal Building

Attendance: Members - Chairman Charles Corcoran, Vice Chairman John Ash, Mayor William Aiello, Earl McElfresh, and Deanna Foster. Staff - Keri Kerper, Community Development Program Coordinator; Jack Hart, Attorney, Wagner & Hart, and Tiffany Taylor, Managerial Confidential Administrative Secretary. Others: Ed Bysiek, Bysiek CPA, PLLC.

1. Roll Call

Mr. Corcoran called the meeting to order at 8:30 a.m. and asked that the record show that all members were present except John Crawford and Nate Smith, who were excused.

2. Reading & Approval of the August 15, 2018 meeting minutes

A motion to approve the minutes of the August 15, 2018 meeting was made by Ms. Foster, seconded by Mr. Ash. Voice vote, ayes all. Motion carried.

3. August 2018 Financials

August 2018 financials were not available.

4. New Business

i. Fiscal Year End Audit Presentation

Ms. Kerper introduced Ed Bysiek of Bysiek CPA, PLLC. Mr. Bysiek explained that he has completed the URA audit for the year ending June 30, 2018. He explained that the Independent Auditor's Report reflects that this is a clean audit, and that financial statements as presented for audit are in accordance with generally accepted accounting principles.

Mr. Bysiek continued by explaining that at the end of the fiscal year, the Agency showed an amount of \$232,691 cash in the bank. He explained that most of the assets shown on the Statement of Net Position are property held for sale, which includes the original purchase price of the Manufacturers' Hanover property and major roof repair costs, as well as between eight and nine acres available for sale on Constitution Avenue. Mr. Bysiek explained that at the time that the land was deeded to the URA by the City, the appraised value of the land was used to determine the value of the property for asset purposes. He added that there is a \$3,000 decrease in value due to the loss incurred during the sale of 106-108 West State Street, and if additional properties sell for less than the appraised value, additional losses could be shown on future statements.

Mr. Bysiek explained that another portion of the Agency's assets includes land, such as the additional acreage owed by the URA and leased to CYTEC, and upon which there is an easement to National Grid. This land could possibly be sold; however, as the sale of this land is unlikely, it is reported separately as another asset.

Mr. Bysiek explained that the \$1,000 deposit on sale of property listed under liabilities is pending the sale of property on Constitution Avenue to Blue Collar Workwear. He indicated the Contractual Fees Payable reports 20% of the value of property held for sale on Constitution Avenue, due to the agreement in place between the City and the URA that when a property on Constitution Avenue is sold, 20% of the purchase price is returned to the City.

Mr. Bysiek summarized the Statement of Net Position by explaining that there is an increase in net position of \$16,785 from the previous fiscal year.

Mr. Bysiek advised that revenues increased by \$5,000 due to an extra month of lease fee payments from AT&T, noting they were behind during the previous fiscal year and the audit showed 11 payments, and this year the shortage was caught up and 13 payments were reflected. Ms. Foster asked if there would be a shortage again on the next year's statements due to the extra payment this year, and Mr. Bysiek confirmed that the extra payment is from the previous fiscal year therefore it will not affect the 2018-2019 fiscal year.

Mr. Bysiek explained that the Agency's expenses have decreased approximately 50% due to a \$30,000 decrease in Professional Fees. In the previous year, this amount was used to pay architectural fees incurred leading up to the release of a bid document for the roof replacement at the Manufacturers' Hanover property. He noted there is an increase in Property Maintenance Costs due to expenses incurred for emergency repairs to the Manufacturers' Hanover property throughout the past year.

Mr. Bysiek continued explaining that there is an increase in cash flows of \$20,875, which is an increase in the amount of cash on deposit at the bank. This is due, primarily, to the surplus revenue over expenses, as well as due to the sale of the property located at 106-108 West State Street.

Mr. Bysiek explained that footnotes provide additional disclosures in regard to the audit. The purpose is to provide additional information regarding the numbers in the statements, such as explanation of what is included in Property Held for Sale and Land. There is also a note that details lease agreements that the Agency is currently entered into.

Mr. Hart explained that the land value remains the same; however, the notes reflect an increase each year in the lease payments. Mr. Bysiek explained that the value of the Land and Property Held for Sale will remain the same until the property is sold. Lease fees will increase over time and are reflected as an increase in cash flow.

Mr. Bysiek explained that, because the audit was completed in accordance with governmental auditing standards, there are comments on internal controls over financial reporting and compliance on other matters. He explained that there were no findings of weaknesses or

deficiencies, which means that that Agency's financial reporting is functioning well on a day to day basis.

A motion to accept the audited financial statements for the fiscal year ending June 30, 2018 was made by Mr. McElfresh, seconded by Mr. Ash. Voice vote, ayes all. Motion carried.

Mayor Aiello thanked Ms. Kerper and Ms. Monroe for the work that they are doing on a daily basis to ensure that the Agency, as well as Community Development, run well. Their attention to detail is very commendable, and they are the reason that we received a clean audit.

ii. Authorities Budget Office – Authority Mission Statement and Performance Measurements

Ms. Kerper explained that because the Agency is a Public Benefit Corporation, it falls under the Authorities Budget Office PARIS reporting requirements. The Agency then reviewed its Mission Statement and Performance Measurements.

A motion to approve the Mission Statement and Performance Measurements was made by Ms. Foster, seconded by Mr. Aiello. Voice vote, ayes all. Motion carried.

Ms. Kerper explained that this is one of the steps that the Agency needs to take in order for her to do the yearly reporting required to ensure that the Agency is in compliance.

5. Old Business

i. 107 North Union Street

Ms. Kerper explained that a resolution has been drafted due to the Agency designating Savarino as the preferred developer for 107 North Union Street. The resolution is a formal statement of arrangement, and needs a motion to approve and a vote to accept. She explained that this is the tool that will then be used to begin negotiations with Savarino Companies for the Development Agreement. Ms. Kerper added that the resolution was sent to Savarino Companies on September 13, 2018, and they are in agreement with the language as written. She noted that this will be a separate Development Agreement from the Development Agreement for the Manufacturers' Hanover property, and that this will be a standalone project.

**TO DESIGNATE SAVARINO COMPANIES, LLC AS PREFERRED DEVELOPER
FOR 107 NORTH UNION STREET**

By Mr. McElfresh, Seconded by Mr. Ash

WHEREAS, in furtherance of the objectives of Article 15 and 15-A of the General Municipal Law of the State of New York ("GML") the City of Olean (City) and the Olean Urban Renewal Agency (OURA), has undertaken a program for reconstruction of its urban core area in a portion of the City's downtown business district in accordance with an Urban Renewal Plan known as the Olean Urban Renewal Plan Update with a background as follows:

WHEREAS, the Agency acquired title to 107 North Union Street on October 22, 2007 from the City of Olean, and

WHEREAS, in August 2010 the governing body of the OURA purchased real property located at 101 North Union Street (formerly First National Bank Building), 107 North Union Street, 106-108 West State Street, 110 West State Street and 116 West State Street (collectively the “OURA Development Site”); and

WHEREAS in March of 2011 the OURA prepared and advertised Request for Proposals for the redevelopment of the OURA Development Site consisting of 101 North Union Street, 107 North Union Street, 106-108 West State Street and 110-116 West State Street for which the OURA received two proposals and selected one such proposal as the preferred developer after scoring the proposals; and

WHEREAS, in December of 2011, the OURA recommended an amendment to the existing Urban Renewal Plan pertaining to the OURA Development Site which was duly adopted by the City on December 27, 2011; and

WHEREAS, in May 2013, the preferred developer selected withdrew from the project for various reasons and on June 19, 2014 the OURA accepted the notice to withdraw from the preferred developer; and

WHEREAS, on December 8, 2014 the OURA prepared and advertised a Request for Proposals for the redevelopment of the OURA Development Site consisting of 101 North Union Street, 107 North Union Street, 106-108 West State Street and 110-116 West State Street that resulted in no responses; and

WHEREAS, ON THREE OCCASIONS, March 14, 2011, August 15, 2015, and December 15, 2015 the OURA prepared and advertised a Request for Proposals for the redevelopment of the OURA Development Site that resulted in no responses; and

WHEREAS, by letter of interest submitted to OURA dated June 27, 2017, Savarino Companies, LLC proposed to acquire 101 North Union Street for development; and

WHEREAS, in October of 2017 in response to its Request for Proposal for the redevelopment of 107 North Union Street the OURA received one proposal which was rejected and it was decided the OURA would improve the language to the Request for Proposals and release it at a later date; and

WHEREAS, in July of 2018 in response to its Request for Proposals for the redevelopment of 107 North Union Street the OURA received one proposal, from Savarino Companies, LLC; and

WHEREAS, on August 15, 2018 Savarino Companies, LLC gave a presentation on the proposed project to OURA members and scoring was conducted by members based on the criteria outlined in the Request for Proposals; and

WHEREAS, the OURA finds:

FINDINGS

- OURA has made repeated efforts to seek competitive disposal of the 107 North Union Street property without success; and
- The OURA Development Site buildings are blighted and not structurally sound; and
- That disposal of the site by a negotiated process is in the best interest of advancing the project of redevelopment of the property; and
- That the proposed preferred developer, Savarino Companies, LLC is experienced and providing the opportunity to evaluate the building and the project for development will be in the best interest in the community; and

NOW, THEREFORE, BE IT RESOLVED, The OURA hereby designates Savarino Companies, LLC as its preferred developer for the 107 North Union Street, Olean, NY portion of the OURA Development Site.

BE IT FURTHER RESOLVED, for and during a period not to exceed 120 days from the date hereof, the initial preferred developer shall collaborate with the OURA and the City of Olean so as to refine the proposal for the mixed use development of the site and to advance the Project so that the negotiation of a Development Agreement may then occur; it being the intention of the OURA that during such period should it appear that the Project present unexpected financial or developmental hurdles or other impasse such that the completion of the project is deemed by OURA to be jeopardized, that the preferred initial developer designation may be rescinded by further resolution of the governing body of the OURA.

BE IT FURTHER RESOLVED, that this Resolution is effective immediately.

Voice vote, ayes all. Motion carried.

ii. Manufacturers' Hanover Building

Ms. Kerper explained that she had a conversation on September 7, 2018 with Courtney Cox, the Development Manager for Savarino Companies. Mr. Cox advised her that they are still drafting language for the Management Agreement. Mr. Corcoran asked if there is any pressure to get the Management Agreement completed, and Ms. Kerper replied that at this time, there has been no pressure from Parks to complete the agreement.

Mr. Corcoran explained that it was brought to the Agency's attention by Mr. Belt that there appears to be a water issue again at the Manufacturers' Hanover building. A roof drain needs to be cleaned, and Mr. Corcoran explained that he would like to see the debris removed from the

roof so that drains are not plugged. He explained that pigeons are also back in the Siegel's building, as boards were knocked down from the boarded up windows.

Mr. Corcoran indicated that he does not expect the work to cost more than \$250 for the cleaning of the roof and drains and boarding of the windows, and he would like to move along to get this done as soon as possible. He advised that Ms. Kerper has the authority to spend up to \$250 without prior authorization from the Agency. Ms. Kerper advised that she has gotten three names of licensed and insured contractors from Code Enforcement to contact for quotes.

iii. Blue Collar Workwear Purchase of Real Property – Constitution Avenue

Mr. Corcoran explained that he and Mr. McElfresh went to the property and found that there is a driveway to the left of the Barkz property for access to the rear of their building. The business does use a gravel driveway on the right side of the building as well; however, there is enough room to access the rear of the property from the left. Mr. Corcoran explained that, for this reason, he does not see an issue in selling the property to Blue Collar Workwear with the right-of-way no longer included in the deed.

Mr. Corcoran advised that he believes that the builder of the Barkz building (formerly ASA Glass) did not comply with Codes, unless a variance was obtained. Ms. Kerper explained that the Industrial zoning district has different requirements, and buildings can be closer to the property line than in Residential or Commercial zones.

Ms. Foster asked if Mr. Corcoran and Mr. McElfresh looked at the piece of property adjacent to the Armor Building Supply property, and Mr. Corcoran replied that they did not. He explained that it appears that there has been some illegal dumping back by the power lines. As far as selling the property, Mr. Corcoran explained, he does not feel that it will be problem.

Ms. Kerper explained that there will need to be a motion by the Agency to remove the language regarding the easement, and to allow the buyer's attorney to be contacted and advised that the Agency is in agreement to release the language.

Mr. Corcoran explained that he now wants to see a new building plan for the property, and he is willing to sell the entire property contingent upon seeing this new proposal.

Ms. Foster asked how many years Blue Collar Workwear will be given to complete the project, and Mr. Hart replied that they would be given two years to complete their project.

A motion to approve the removal of the right-of-way restrictions as part of the transaction towards the sale of the Constitution Avenue parcel was made by Mr. Ash, seconded by Mr. McElfresh. Voice vote, ayes all. Motion carried.

6. Bills

- i. National Grid (107 NUS) \$23.05

ii. National Grid (101 NUS)	\$33.52
iii. Bysiek CPA, PLLC	\$3,250
iv. TYCO	\$160.92
v. Randy Ortego	\$1,372.50

Ms. Kerper explained that the bill for Randy Ortego (Emton Field Services) is for three installments owed for mowing services. Ms. Foster asked how the contractor is performing, and Ms. Kerper explained that she has had to contact him to go out, trim the properties, and send a bill to the Agency. Ms. Kerper explained, though, that he is responsive when he is contacted.

A motion to approve the payment of bills was made by Mr. McElfresh, seconded by Ms. Foster. Voice vote, ayes all. Motion carried.

7. Next Meeting Date

The next meeting of the Olean Urban Renewal Agency was tentatively scheduled for Wednesday, October 17, 2018 at 8:30 a.m. in Room 119 of the Olean Municipal Building.

8. Adjournment

A motion to adjourn was made by Mayor Aiello, seconded by Mr. McElfresh. Voice vote, ayes all. Motion carried. Meeting adjourned at approximately 9:05 a.m.