

**Minutes for the May 4th 2011 meeting of
The Village of Lancaster Community Development Corporation**

At 7:36 a.m. on the morning of May 4th 2011, President Jeffrey Stribing convened a meeting of the Directors of the VLCDC in the second floor board room of the Municipal Building at 5423 Broadway, Lancaster, New York. Also present were Vice President Richard Young, Secretary Craigg McRae, Treasurer John Mikoley, and Directors John Evoy, Robert Giza, Linda Mallia, and Edward Myszka. Consultants Mark Aquino and Stanley Keysa were also present, as was Erie County Director of Industrial Assistance Christopher Pawenski.

John Mikoley moved approval of the minutes of the meetings held April 6th 2011; his motion was seconded by John Evoy and unanimously approved. The vote was as follows:

John Evoy	aye	Robert Giza	aye
Linda Mallia	aye	Edward Myszka	aye
Craigg McRae	aye	John Mikoley	aye
Jeffrey Stribing	aye	Richard Young	aye

John Mikoley presented the Treasurer's report as prepared by Mark Aquino. Mark asked that check #1805 for \$1000 for interest on the second mortgage be added. John said all items were usual expenses. Craigg McRae moved to approve the Treasurer's report and to authorize payment of checks #1798 thru 1805 totaling \$16,604.14; his motion was seconded by Linda Mallia. The motion was then unanimously approved. The vote was as follows:

John Evoy	aye	Robert Giza	aye
Linda Mallia	aye	Edward Myszka	aye
Craigg McRae	aye	John Mikoley	aye
Jeffrey Stribing	aye	Richard Young	aye

Director Matt Walter entered the meeting at 7:44 am.

Stan Keysa distributed to all present his letter concerning the requirements of Article IX of the By-Laws "Code of Ethics" regarding filing of disclosure forms. He distributed copies of the form approved by the Village Board on April 11th 2011, reminding all that they need to file completed forms by May 15th 2011 with the Secretary. Craigg McRae suggested the forms be delivered directly to Mike Stegmeier in the Village Clerk's office rather than to Craigg's business address. Discussion followed.

Jeff Stribing reported that Dick Young, Craigg McRae, Mayor Cansdale and he had met on April 9th 2011 with David Rutecki and Josh Heim of the Municipal Lending Section of M&T Bank and presented an overview of the financial situation of the VLCDC.

Craig McRae indicated that, until now, we have worked under the assumption that it would be necessary to preserve a portion of the LVP Complex in order to retain sufficient income to satisfy M&T Bank and the secondary lenders that there would be continued payment on their respective mortgages. The prospectus and inspection reports show that, even so, we are likely to default within the next few years.

Craig indicated to Rutecki and Heim that he had a proposal from local investors offering to buy out the mortgage holders at 50 cents on the dollar. Neither Rutecki nor Heim were surprised when he mentioned it to them, but said they would now have to turn the matter over to default specialists for review. Craig is still awaiting their call. If accepted, this would permit the full demolition of the building, which is likely to bring the best bid for abatement and demolition. Full demolition would provide a sizeable impact on the public's confidence in future redevelopment. On questioning, Craig said he was confident that he had identified individuals willing to make the loan.

(Dawn Gaczewski joined the meeting at 7:55 a.m.)

Mark Aquino reminded the Directors that about \$660,000 is owed M&T Bank and \$300,000 to the B&ECRDC and LIDA, or a total of \$960,000. The investors would need to come up with about \$480,000. He said that the Town Assessor planned on adding the Save-A-Lot portion to the tax rolls at \$800,000. Stan Keysa calculated that would cost about \$28,000 a year, or about \$1.55 per square foot, increasing Save-A-Lot's rental expense by about two-thirds.

On further questioning, Dick Young admitted that it was he who was willing to make the loan, "to break the log jam." Young said that the prospect of having to pay taxes shook up M&T, as did the inspection report showing 98 violations. These would be costly to cure. He said he has funds now in municipal bonds which he would move over. He would expect a minimal rate of interest, but would not expect to be repaid until the land was sold for development, and was confident that would happen once the LVP Complex had been leveled and West Main Street put through to Aurora.

Stan Keysa noted that the VLCDC certificate of incorporation and by-laws would require Young to leave the board if he made such investment. Young said he was prepared to do so as soon as there was word from M&T Bank that it would accept such a discounted buy-out. Various Directors thanked Young and Linda Mallia called his offer "wonderful." Discussion followed on how it might be presented to the public.

Jeff called on Chris Pawenski to update the Directors on the estimates coming out of LiRo Engineers, funded by the \$300,000 HUD grant through Erie County DEP. Chris said there were basically three options for asbestos abatement. The first would involve abatement of areas 2, 3 & 4 as shown on an aerial map. (These include the lower southwest, lower center west and south two story sections), which would cost about \$160,000. The second option would cover all five sections, and cost about \$300,000. The third option would leave area one (the two story section along West Main Street) in

place so as to avoid creating a big hole in the CBD while leaving some rental space. This is likely to cost about \$20,000 less than full abatement.

Chris Pawenski said LiRo is awaiting word from the VLCDC as to its preference so that it can prepare the bid specifications. The funding would permit moving ahead with asbestos abatement only this summer. The grant must be expected by December 31st 2011 or be lost. On questioning, by Bob Giza, Chris said that EC DEP has targeted additional funds for the project but needs a request from the Village Board and said he cannot speak for the decision which will ultimately be made by the County Executive.

Chris said asbestos abatement is likely to be about half the total cost of demolition. Another option might be to leave the floor tile in place and then remove it during demolition. The disposal would cost more (about \$40 per ton versus \$15 per ton), but lower the overall cost. On questioning, Chris said keeping area one would add about \$150,000 to reconnect power and other utilities, which could be covered under a HUD grant. However, the same amount would not be available to buyout a tenant.

Jeff and Mark said they would engage in discussions shortly with the Horrigan's regarding the future of Save-A-Lot. Jeff and Bob Giza both noted the loyal following which Save-A-Lot had developed. Discussion followed.

(Linda Mallia left the meeting at 8:35 a.m.)

To wrap up, Chris said he would have LiRo run new numbers, that he would await word on M&T Bank's reaction to the proposal, and that the VLCDC needed to address the Save-A-Lot situation. He suggested emphasizing that the demolition was the next step in accomplishing the vision of the Village master plan, and that it might be wise to display a 4' by 8' sign with the vision displayed. Dawn Gaczewski said "I could do that."

Mark Aquino said tentative notice had been given tenants to be out by the end of May. If M&T doesn't come thru, he will need to quickly lease up the 7000sf on West Main Street to keep from running out of money. John Mikoley noted that the prospectus shows VLCDC to be \$71,000 in the red by the end of next year. Mark said he had ideas on addressing that, but wanted to know M&T's position first. Mark proposed having a brokerage agreement in place. John Mikoley said there would be a need to actively market the property, that he did not have the time to do so, and that it took too long to just wait for prospective tenants to call. He suggested that Pyramid Brokerage (for which he works) was the best in the commercial field, and mentioned a young associate who was willing. On questioning, John said he saw no conflict as he would have no share in any fee earned by the firm. Consensus was to hold off until M&T had responded.

Regarding the fire inspections, Mark said he was working with the inspectors to determine what was essential in the short term, recognizing that many of the issues would disappear once the tenants were out or if the building is demolished. Of the 98 citations, 75 are relatively easy, with 125 being potentially quite expensive.

Mark said he had prepared a budget, but that could be held for the regular Directors' meeting to follow the annual meeting of membership on May 23rd.

Stan Keysa reported that he had sent the annual meeting notice to the Source and the Lancaster Bee and would also send it to the Buffalo News. Chris Pawenski said he would alert LiRo Engineers to be ready to answer questions in public. Jeff said the meeting might be moved to the Municipal Building auditorium to accommodate more people.

(Matt Walter left at 8:47 a.m.)

Jeff Stribing reported that Grace Miller had done a beautiful job in putting together the application for another round of the New York State Main Street grant program. Jeff said the State inspectors had been quite pleased with the work accomplished so far.

John Mikoley and Mark engaged in discussion of the budget and of ways to overcome the projected shortfall.

Stan Keysa noted that it was appropriate for the VLCDC to adopt policies covering contracts, prompt payment and investment guidelines. He will try to have those ready for the May 23rd meeting.

Dawn Gaczewski asked about preparing a destination piece. John Evoy noted that Ann Jordan was doing something similar for the farmers market, scheduled to open this coming weekend. Dawn said she would call Ann. Jeff said that Brian _____ was developing plans for a website including virtual tours of CBD buildings. Jeff spoke about the need for a revived downtown merchants association. John Evoy said he would speak with Meagan Burns-Moran about developing a committee for that purpose as part of the Lancaster Area Chamber of Commerce.

Jeff noted activities occurring in the CBD, including the plans of Mr. & Mrs. Paul Lista for an Italian specialties shop at 87 Central Avenue. The Wine Pocket is now planning to occupy 24 Central Avenue, and will repurpose the store at School and Broadway as a coffee and cupcake shop. Ed Myszka noted that the LCHS Arts program will display student artwork in the former Town of Lancaster Building Inspectors' office at 11 West Main Street starting tonight.

At 9:05 a.m., Ed Myszka moved to adjourn; his motion was seconded by Bob Giza and unanimously approved.

Respectfully submitted,



Craig McRae, Secretary