

**Minutes for the November 24th 2009 meeting of the Directors of
The Village of Lancaster Community Development Corporation**

At 5:00 pm on the afternoon of November 4th 2009, President Jeffrey Stribing convened a special meeting of the Directors of the VLCDC in second floor boardroom of the Municipal Building, 5423 Broadway, Lancaster, New York. Also present were Vice President Richard Young, Treasurer John Mikoley, Secretary Craig McRae, and Directors Robert Giza, Edward Myszka and Matt Walter. Consultant Stanley Keysa also attended, as did banker John Evoy.

President Stribing reminded the Directors that the meeting was called for the specific purpose of making a determination on the response to be made to the offer of NRP Development for purchase of land in the Central Business District for erection of senior citizens housing.

At the start of the meeting, Stan Keysa said that Jeff Stribing had asked him to sketch the space available on the south side of West Main Street extended, with consideration as to other objectives of the VLCDC, such as separation from the existing LVP Complex and retention of a public pathway for bicycles and pedestrians along the upper bank of Cayuga Creek. Stan distributed a copy of his sketch as superimposed on an earlier topographic survey of the property showing approximately 0.6 acres which would meet the objectives. Within that space Stan had sketched a building incorporating underground parking for about 40 vehicles, 10,000sf of community and retail space, and up to 90 units of residential housing of approximately 850sf each. He also distributed a quick sketch of how such a four-story building might look if it incorporated late 19th century design elements. (Both sketches are attached.)

At 5:15 pm Thomas Van Nortwick, regional director of the NYS Division of Housing joined the meeting, as did Mayor Cansdale.

Jeff Stribing noted that Dick Young had expressed concern at an earlier meeting as to the demographics of the proposed tenants as the rents were to be capped at about \$500 for a single and \$700 for a double unit (plus utilities). Jeff said he had conducted an informal survey of area apartment complexes and found that the Lancaster Towers charged a full rate of \$623 including utilities, although many were paying less with federal subsidy. The Lord Lancaster Apartments on School Street charged \$390 for a single and \$450 for a double, plus utilities, without subsidy. Tenants in the former American Legion building on Legion Parkway pay \$290 for a single and \$490 for a double, plus utilities.

Jeff said he had asked Mark Aquino to draft a list of terms for a possible response and distributed the same. Stan noted that the area indicated (1.0 acres+/-) was entered before Stan had completed the sketch this afternoon, and should be modified to reflect 0.6 acres, plus a license to use other parking spaces proximate to the site on a non-exclusive basis.

Supervisor Giza asked if the 3000sf of retail space to be designated to the VLCDC was with or without charge. Jeff indicated it was to be leased at about \$50,000, which is why the developer suggested limiting the space, so as to limit VLCDC exposure in the event it didn't rent. Discussion followed as to the type of business which could afford such rent.

Linda Mallia joined the meeting at 5:18 pm.

Discussion continued as to what permits would be needed. Stan Keysa noted that the VLCDC would need an appraisal of the site, need to post the offer on its website, and confirm with notification under the Public Authorities Accountability Act of 2005, sending notices to the Governor, Speaker of the Assembly and Majority Leader of the Senate. In addition, the VLCDC would need release of the site from mortgages held by M&T Bank and the B&EC ILDC. The developer would need approval of a grant of tax credits from the NYS Division of Housing, and then of the plans by the Village Planning Board, Village Historic District Commission, and Village Board.

Discussion followed as to what the Village might do with West Main Street (presently awaiting William Schutt Associates to complete a detailed estimate of the cost of construction) and the balances of present mortgages. Jeff said the balance on the M&T mortgage was about \$500,000, with \$175,000 on the unsecured M&T loan. In addition, \$300,000 is owed the B&EC ILDC and LIDA, for a total of \$975,000. He felt the payment offered by NRP could reduce that indebtedness enough to persuade the current lenders to release a portion of the property and renegotiate terms. That would make it easier for the Village to acquire the right of way for extension of West Main Street.

Dick Young said VLCDC can't sell the land as M&T owns it, that VLCDC had not tried to market the site, and that he would buy it for \$325,000 just to hold it. Stan Keysa noted that M&T doesn't own it but holds a mortgage, and that Jeff Stribing had spent months trying to interest regional developers to make a proposal on the CBD properties and found no interest from the 6 or 7 approached. Dick reiterated his view that this was "prime land." Matt Walter said he thought it was the best piece in the CBD, and that there might be a local developer. Linda Mallia (President of Hunt Mortgage Corporation) said that if there was a local developer who wanted it at any price, they would have made an offer in the last ten years during which VLCDC owned the land, and that no one has.

John Evoy asked if the land had been offered on a plot by plot basis, and Stan Keysa indicated it had not, as it was difficult to do so without extending West Main Street and deciding what to do with the LVP Complex. He said NRP's offer, which originally was for the entire site west of the LVP Complex, had focused the board's attention on what it wanted to do with the site.

Matt Walter expressed concern with putting a large complex limited to seniors in the CBD, as it could dramatically change what might be developed in terms of street life and retail facilities.

Dick Young asked why there was such haste in making this decision. Jeff pointed out that it was driven by the need to apply to the NYS Division of Housing by February 10th 2010 for the annual grant of tax credits, and that the developer needed a decision by December 1st in order to prepare that application.

At this point, President Stribing introduced Tom Van Nortwick, the regional director of New York State Division of Housing. Tom is an accountant and was formerly President of the Lancaster School Board and a Lancaster Town Councilman in the early 1990's.

Tom spoke of the process involved in getting state and federal tax credits from the state. He also stated that NRP was a national developer with a good reputation. NRP did submit a project in Hamburg for the 2009 round, but was not successful. He thought NRD would refine and resubmit that project. Two years ago, NRP was successful with a project in the City of Buffalo, but has since experienced difficulties with the city and has not proceeded.

Van Nortwick said that to get a grant it is essential that you find a good developer, and that NRP certainly qualifies. A request for proposals for the 2010 funding round had just been published. Applications must be made by February 10th, with a decision by June. As a pragmatic issue, the project has to be ready; that is, the applicant has to have site control by the date of application. "If they don't have site control, they're unlikely to get funded."

He said he had heard the same discussions made today ten years ago. He said the land was worth one price as it stands today. If VLCDC's plans were complete and everything was ready to go, there might be a different price, but it costs money to get there. If you know what you want to do, but haven't installed infrastructure, there would be a different price. If the site was fully developed, there would still be another price. Stan Keysa observed that, in new town subdivisions, a fully developed acre would support 3.8 homes at about \$50,000 per lot, but that the raw land was probably sold for about \$8000 per acre. The difference was in the cost of planning, detailed design and engineering and in the cost of constructing the infrastructure. (Craig McRae left at 5:30 pm.)

Van Nortwick continued by saying that applications with both commercial and residential components were harder to deal with and complicated the evaluation process. Thus, commercial elements can jeopardize a good residential project. On questioning, he acknowledged that the NRP project in the city was confronted by "11th hour" demands of a clergyman for job and other commitments which NRP hadn't budgeted. He continued by saying that the VLCDC needs to decide what it wants to do with the CBD.

Linda Mallia asked what typically happens around one of the subsidized senior projects. Tom said that they were not economic engines, but that there was some economic benefit. "Seniors want to live adjacent to a village setting." He said the VLCDC will need to make a unilateral decision whether to sell the land to NRP, and then negotiate terms that are mutually agreeable. "You can't solve all your problems with this one project."

Stan Keysa said that, in his opinion, this was not the best project, but that it might provide the opportunity to reduce the overall indebtedness, thereby reducing the cost for the village to acquire the land for the extension of West Main Street, and could provide the impetus for the Village Board to adopt a bond resolution to reconstruct West Main. If that occurred, then the VLCDC could market several other sites.

Tom Van Nortwick was asked what was meant by "affordable housing." He said it meant rents that were affordable by a certain segment of the population, ranging up to 80% of the area's median income ("MI"). If the same building was constructed without state aid, the rents might be \$1000 or more per month. The tax credits grant, with capped rents, is New York State's way of subsidizing the rents. John Mikoley observed that the target population would qualify as low or middle class. Tom added that most of the tenants would be people already living in the area. Stan Keysa noted that most elderly had incomes that were 40-60% of what they earned when employed.

John Mikoley asked if a letter of intent ("LOI") would be enough, or if a more detailed contract was needed. Tom said that most applications cost \$20,000 to \$30,000 to prepare, and that an applicant needs to know if they really have a transaction before committing to that expense. He thought that the VLCD had to start with an LOI and then negotiate more details so that there was a contract by time of application. He thought it not likely that this project would be funded in the next round, but if they like the concept, NRP would refine it and come back again. "These people are in it for the long haul. This is someone you can work with and refine the project over the next year."

Tom thought it would be a mistake not to work with NRP, observing that developers have been aware of the site since the early 1990's, and that if there were pent-up demand, "you would know about it, but no one is lining up." "You have a developer with a national reputation. Don't decide quickly, but don't walk away. Pursue this on a long-term basis."

Dick Young reiterated that NRP was not a local developer. John Mikoley pointed out that Chris Durr was driving the effort to work with VLCDC and he had extensive background with local developers, most recently Iskalo.

Mayor Cansdale said the VLCDC has been spending too much time on managing a building and not enough on defining a plan for the CBD. The debt on the building has been a big turn-off. "If we knew then what we know now about the life expectancy of this building, we would never have purchased the LVP Complex." "We need to walk before we run."

Jeff Stribing suggested the board pass a "soft LOI." "If we say no, they're gone. If we say yes, then we have the opportunity to negotiate further." He asked for approval of a letter of intent to negotiate further based on the points raised in Mark's memo, namely that the VLCDC would be interested in negotiating an agreement with NRP Development by which the VLCDC would sell approximately 0.6 acres of currently vacant land west of the LVP Complex for a price of \$325,000 on which NRP

Development would build a senior housing complex of about 65 units of single and double bedroom units with expectation that the building would include underground parking for about 40 vehicles, and that VLCDC would license the use of proximate surface parking on a non-exclusive basis for about 25 other vehicles. The structure would include not less than 3000sf of commercial space for VLCDC to lease back to attract commercial, retail or non-residential tenants to the CBD. Purchaser would obtain all necessary site, design and zoning approvals from any and all municipal agencies. A deposit of \$5,000 is to be received at time of contract execution, to become non-refundable upon receipt of financing and satisfaction of certain contingencies by the purchaser. Closing would be 60 days after financing is obtained and site approval of the project, but no later than December 31st 2010. The parties could extend the contract by mutual agreement.

Jeff emphasized that passage of a resolution to approve such a LOI would be the basis for further negotiations, the basis for approaching M&T Bank, and for seeking support from the Village Board for a bond issue to reconstruct West Main Street. He then asked for a motion to approve. Mayor Cansdale asked that it be non-binding, and subject to further approval once the details are known.

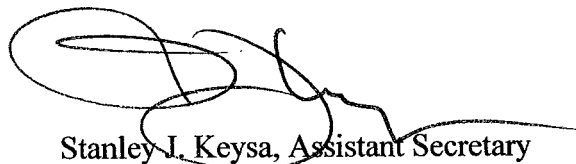
John Mikoley then moved to approve a non-binding LOI such as outlined; his motion was seconded by Linda Mallia and approved unanimously. The parties voted as follows:

William Cansdale	aye
Robert Giza	aye
Linda Mallia	aye
John Mikoley	aye
Edward Myszka	aye
Jeffrey Stribing	aye
Matthew Walter	aye
Richard Young	aye

Dick Young asked that he be called when the letter is drafted for comments.

John Mikoley moved to adjourn at 6:35 pm; his motion was seconded by Bob Giza and unanimously approved.

Respectfully submitted,



Stanley J. Keysa, Assistant Secretary