

Minutes for the December 3rd 2008 meeting of the Executive Committee of The Village of Lancaster Community Development Corporation

At 7:35 a.m. on December 3rd 2008, President Jeffrey Stribing convened a meeting of the Executive Committee of the VLCDC in second floor library of the Municipal Building, 5423 Broadway, Lancaster, New York. Also present were Vice President William Cansdale, Treasurer John Mikoley and Secretary Craig McRae. Consultants Mark Aquino and Stanley Keysa also attended.

Mayor Cansdale moved approval of the minutes of the November 6th 2008 Executive Committee meeting and the regular meeting of directors; his motion was seconded by Craig McRae and unanimously approved.

Treasurer John Mikoley presented the Treasurer's report prepared by Mark Aquino, recommending approval of issuance of checks 1434 through 1444 in amount of \$19,969.57. He said that the only item out of the ordinary was payment of filing fees for the new corporation. Craig McRae moved approval of the report; his motion was seconded by Mayor Cansdale and unanimously approved.

Mark Aquino reported on vacancies at the LVP Complex, indicating that he had contact from a collection agency about a month to month tenancy at \$750 per month in the Arndt space. The Dwan space is open, and Interstate Steel has moved. He will put up a sign, but noted it is a tough market.

Mark reported that he had filed to create the Village of Lancaster Community Foundation Corp., Inc. as another not-for-profit corporation, and will work with attorney Steve Weiss to insure that it is set up properly. This corporation will be used for fund.

Mark said he had heard nothing new regarding the Konst lawsuit.

Jeff Stribing reported that there was another party who had shown interest in the Village Industrial park, and that he would maintain

Stribing reported that the Town of Lancaster Industrial Development Agency (LIDA) had agreed to pay not more than \$35,000 for architectural services to businesses in the CBD, and that the LIDA wants a confirming resolution. Regarding the NYS Main Street grant, Jeff noted that the state expects businesses to up-front the costs of renovations and would then reimburse as it deemed appropriate.

Jeff said he and Mark Aquino had reviewed the contract for architectural services; Mark commented that it was a standard AIA contract.

Jeff said that Rudy Tichy and Dr. Rudewicz were ready with their plans, but need to go before the Historic District Commission, Planning Commission and architectural review committee, which will consist of Grace Miller, Mike Meier and Linda Parzynski. He wants the boards to conduct a single review process.

At this point, Director Joseph Maciejewski joined the meeting.

John Mikoley asked for a report on the segregation issue raised in the auditors' report. Mark Aquino noted that it is difficult in a small organization, but that Mike Stegmeier started reconciling bank statements last month, and that there are about 20 checks per month.

Director Dawn Gaczewski arrived at this point.

As the time for the joint meeting was at hand, Bill Cansdale moved to adjourn the Executive Committee meeting, seconded by Craig McRae and unanimously approved.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Craig McRae".

Craig McRae, Secretary

Minutes for the December 3rd 2008 regular meeting of the Directors of The Village of Lancaster Community Development Corporation

At 8:05 a.m. on December 3rd 2008, President Jeffrey Stribing convened a meeting of the Directors of the VLCDC directors in second floor library of the Municipal Building, 5423 Broadway, Lancaster, New York. Also present were Vice President William Cansdale, Treasurer John Mikoley, Secretary Craig McRae and Directors Robert Giza, Dawn Gaczewski, Joseph Maciejewski, Linda Mallia and Richard Young. Consultants Mark Aquino and Stanley Keysa also attended, as did Town Assessor David Marrano, attorney Steven Weiss, Richard Tinsdell and

President Stribing introduced Steven Weiss, who explained that he was part of a 35 member law firm which concentrated in affordable housing. About one third of their work is in New York State, with the balance spread over 15 other states. They work mostly with federal tax credits, seeking syndication so as to turn the tax credits into cash for developers. The investors use the tax credits to offset other taxable income. Weiss said there are a variety of credits. He works mostly on referrals from mother law firms. His firm started 20 years ago, with about half of its employees in Buffalo and half in Albany. His personal passion is historic preservation; he serves on the Buffalo Niagara board.

Regarding Lancaster, he noted that façade easements can be donated by the landowners. With two not-for-profit corporations, he felt the Community Development Corporation was the more appropriate body to hold the easements. These are for the exterior only, constitute a partial interest in the property, and can qualify for a tax deduction as a charitable contribution if given to a qualified not-for-profit, much like a conservation easement. He noted that the CDC has as its purpose to hold easements, so there is no additional cost. It will need to submit information to the IRS, but the CDC can then market its availability. Weiss said the CDC should qualify for the Main Street grants, and could charge reasonable fees for submission of reports to the IRS.

The easements are filed against the property with the County Clerk, and can be perpetual. As a condition of acceptance, the CDC can set standards as to when and how to maintain the facades.

Regarding the Main Street grants, Steve noted that any grants to a for-profit entity are taxable for income tax purposes, noting that many recipients do not realize this

(At 8:15 am, attorney Dominic Terranova joined the meeting)

Weiss suggested changing the grant to the not-for-profit so as to extend the funds, and said that the façade easement can be counted as a capital contribution for the grant purposes. The first step will be to grant the façade easement to the not-for-profit corporation, set up as a capital contribution. He said you may get some "push-back" from property owners, but that most relent when they understand your real purpose is to preserve the building. He suggested developing and publish the intentions as to maintenance. There may also be "push-back" from a lender when there is an existing mortgage, and this will require subordination of the lender's interest to the easement. He said most experienced lenders don't have a problem. Enforcement remedies are part of the façade donation agreement.

In response to a question by Assessor Dave Marrano, Weiss said that there should be an appraisal of the easement value by an outside appraiser. The easement will show as an easement, not a separate parcel. Generally, it does not offset the assessment. There are only a couple of qualified appraisers in the area. Weiss suggested getting a "bulk" price on appraisals from someone such as Gar Associates. He had a one page summary of his presentation, and said there is no need to change organizational documents, but make a simple one page filing with the IRS.

Jeff Stribing introduced Dom Terranova, attorney for LIDA, he asked if there was any other funding for the architectural services. Jeff said he does not expect any. Terranova said LIDA will pay as costs are incurred directly to VLCDC. He asked Weiss if the façade holding services were to be limited to the CBD or available beyond. Weiss said that there is authority in the board to accept donations from outside Lancaster, and that the CDC could charge fees for accepting facades from outside landowners. Weiss said monitoring is not difficult, with a simple one page report to the IRS. If the landowner is not complying, the agreement provides for a charge back to the owner.

As to the appraisal, the property needs to be historically significant, or contributing to a historic district. The value to be claimed is a "look-forward" value, and can be claimed for the year of donation.

President Stribing then turned to the question of development of the former BOCES building. Weiss noted that many CDC's participate in the co-development with for-profit entities to help facilitate. They do not take risk, but bring in their not-for-profit status (with potential for fees) and that there are many different ways to use that status. He suggested amending the certificate of incorporation to include "safe harbor" additions. An example is the Christian Center in Buffalo, which gathers fees as a co-developer. Another is the Buffalo Neighborhood Redevelopment Center.

Dick Young asked Weiss if there are any banks with "know-how" in the field. Weiss said that banks work on projects, but don't serve as developers. He suggested that local banks playing significant roles with such redevelopment include M&T Bank, First Niagara

Joe Maciejewski suggested that M&T might be more amenable to adjusting the mortgage on the LVP Complex if it was designated the sole financier. On discussion, it was noted that the co-developer might not prefer to work with M&T.

Maciejewski then asked Jeff Stribing for a written report as to which landowners were prepared to participate in the Main Street grant program, and for a project program.

Steve Weiss noted that National Parks has a good summary

Jeff asked if fees can be charged at varying levels, for example reducing fees if in the targeted CBD. Weiss replied that the CDC can charge whatever it wants, but it must be pre-published.

Discussion followed on the desire of LIDA for a confirming resolution.

Joe Maciejewski then moved the following resolution, seconded by Dick Young which was unanimously approved by the Directors present: