

**Olean Local Development Corporation
101 East State Street
Olean, NY 14760**

Olean Local Development Corporation Special Meeting Minutes

Thursday, January 10, 2019

9:00 a.m.

Room 119

Olean Municipal Building

Attendance: Members: Mayor Aiello
 JR Bennion
 John Crawford
 Nicholas DiCerbo, Jr.
 Keri Kerper
 Rick Moore
 Bob Ring
 Fred Saradin
 Colleen Taggerty

Other(s): Kathleen Monroe

1. Roll Call

Colleen Taggerty called the meeting to order at 9:00 a.m. and requested the roll call show all members present except John Sayegh and David Carucci.

2. Reading and approval of the December 6, 2018 meeting minutes

A motion was made by John Crawford, seconded by Keri Kerper to approve the December 6, 2018 meeting minutes. Voice vote, ayes all. Motion carried.

3. Elections

There was no business at this time.

4. Bills and Communications

There was no business at this time.

5. Report from the Treasurer

This item was not discussed at this time.

6. Report of Committees

There was no business at this time.

7. Unfinished Business

There was no business at this time.

8. New Business

i. Community Development Block Grant Application

Ms. Kerper explained the Special Meeting was called to order to discuss an opportunity she would like to present to the OLDC.

Ms. Kerper advised the City was contacted by David Hart of Hart Hotels and Paul Neureuter of The Krog Group who have formed HK Olean Hotels, LLC to develop the vacant 2.4 acre site located at 1404 Buffalo Street in our Brownfield Opportunity Area. She explained they asked if the City would be willing to write and submit an application for funding to the Office of Community Renewal (OCR) under the Community Development Block Grant Program (CDBG) on their behalf towards the costs of furnishings and fixtures for the hotel. She advised the City was successful in providing The Krog Group with \$1,000,000 in Restore New York funding as a pass-through in June of 2018.

Ms. Kerper indicated HK Olean Hotel, LLC advised the City of its intent to move forward on the \$14.9 million project and submitted a project budget consisting of \$1,366,000 in furniture and fixtures. HK Olean Hotel, LLC is requesting the City write a CDBG application and submit to the OCR in the amount of \$450,000. She explained, if awarded, a \$50,000 portion of the grant will be used to hire a consultant to aid with the administration and program delivery to reimburse salaries and consultant fees resulting in no out of pocket expenses for these services. Ms. Kerper advised the City negotiated with the developers and agreed the remaining \$400,000 would consist of a \$200,000 deferred loan (grant) and a \$200,000 loan with repayment terms of 2% over five years. She explained the application could be submitted by the City then, if awarded, the City would provide the funds to the OLDC as a grant that would be administered through the OLDC and loan repayments would be collected as unrestricted funds resulting in approximately \$3,500 in monthly income for the OLDC.

Ms. Taggerty questioned who would hire the consultant and if Olean Business Development (OBD) would be eligible to apply, and Ms. Kerper explained given OCR standards it must be a professional consulting firm and it is a competitive process that must go out for Request For Proposals.

Ms. Kerper advised OBD is a sub-recipient of a different CDBG grant written by and awarded to the City under the Microenterprise Program and this application would be submitted under the Economic Development Program.

Ms. Taggerty questioned if the obligation of hiring a consulting firm lies with the OLDC, and Ms. Kerper advised staff will prepare and release a Request for Proposals (RFP) and the responses will be forwarded to the OLDC member subcommittee for review and selection.

Mr. Crawford stated this opportunity, if awarded, would provide much needed working capital for the OLDC.

Ms. Kerper advised a letter has been drafted and included in member's packets requesting the City make application and submit it on behalf of the hotel entity and the City provide the OCR funding to the OLDC as a grant which the OLDC will use to make term and deferred loans to HK Olean Hotel, LLC to assist in the project financing.

Ms. Kerper advised she had a conference call with the OCR on Monday to gauge their interest on the proposed project/application and explained a pre-application must be submitted to the OCR for its review after which they may invite applicants to complete and submit a full application. She indicated the City intends to submit the application by March 1, 2019 to be included on the OCR's April meeting agenda. Ms. Kerper advised a decision on the application is expected to be made by the OCR in mid April and the developer also plans to break ground during the month of April.

Ms. Kerper advised the Common Council must hold a public hearing for which a legal notice was prepared and published in the Olean Times Herald on January 8, 2019 as part of the application process and the public hearing has been scheduled for Tuesday, January 22, 2019 at 6:15 p.m. She noted it is not necessary for OLDC members to attend the public hearing as she and the Mayor will be in attendance and can explain the project and proposal.

Ms. Taggerty inquired as to the odds of being awarded the grant, and Ms. Kerper explained it is a competitive open-round of funding with multiple applicants applying throughout the year and noted she will try her best. She advised Harry Sicherman would assist their office with some of the environmental aspects of the application.

Mr. Ring questioned if the HK Olean Hotel, LLC CDBG application could affect the City's future applications for funding with the agency, and Ms. Kerper advised that it would not.

Ms. Taggerty thanked Ms. Kerper for her hard work and noted it is a step in the right direction and an exciting opportunity for the OLDC.

Mr. Crawford advised, continuing with the OLDC vision, he had a conversation with the Assistant Cattaraugus County Treasurer as the County is currently assembling its list of

unpaid tax properties in the City. He stated it has taken multiple years to remedy the thirteen properties turned over to the City by the County. Mr. Crawford suggested the City may act as an intermediary receiving the blighted properties and then turn them over to the OLDC to give it a long term mission as well as allow the OLDC to administer and decide which properties need to be remedied, demolished or sold for rehabilitation. He explained this opportunity for working capital would come at the perfect time to aid in this mission. He further explained it may also open up an avenue to seek further funding the City is not eligible to apply for. Mr. Crawford advised he will coordinate with the Mayor and report back to members with an update.

A motion was made by Keri Kerper, seconded by Colleen Taggerty to authorize the City to assemble and submit an application for funding to the New York State Office of Community Renewal Community Development Block Grant Program on behalf of the OLDC, and to then receive the OCR funding as a grant which the OLDC would use to make term and deferred loans to HK Olean Hotel, LLC. Voice vote, ayes all. Motion carried.

Ms. Kerper thanked members for attending on such short notice.

After brief discussion, a motion to revise the By-Laws Article IV, Section I, Annual Meeting to add the language “or at another time designated by a vote of the Board of Directors” was made by Keri Kerper, seconded by John Crawford. Voice vote, ayes all. Motion carried.

9. Executive Session

There was no business at this time.

10. Adjournment

The Olean Local Development Corporation Audit, Finance and Governance Committee meetings have been scheduled for Friday, March 8, 2019 at 8:00 a.m. The next Olean Local Development Corporation meeting has been scheduled for Friday, March 8, 2019 at 8:30 a.m. A motion to adjourn was made by John Crawford, seconded by Rick Moore. Voice vote, ayes all. Motion carried. The meeting ended at approximately 9:20 a.m.