

**Geneva Industrial Development Agency
City Hall, 47 Castle Street, Geneva, New York
And via Zoom livestreamed to GIDA's YouTube Page
September 20, 2023, at 4:00 pm
Meeting Notes**

In Attendance:

Irene Rodriguez
R.J. Passalacqua
**remote attendance*

Others present:

Tracy Verrier, MRB Group
David West, City of Geneva
Dirk Schneider, CJS Architects*
Matt Chatfield, Caliber Brokerage*

MEETING CALL TO ORDER

RJ Passalacqua, called the meeting to order at 4:03pm with a quorum present.

NEW BUSINESS

Review Building Conditions/Infrastructure

Tracy explained that they have been looking at the building conditions and floor plans, which did not provide necessary information about infrastructure. The floor plans are helpful regardless for leasing and in the event they put the building on the market.

Tracy noted that Myles tracked down the as-built electrical infrastructure for the building, and there are leads on water and sewer infrastructure documents.

Option Review

Tracy noted there are three options to consider:

1. Keep the building, make investments to make it a productive and viable space and establish the business incubation program.
 - a. Tracy and David have discussed hybrid models where some units could be subsidized as part of the incubator and the others can be rented at market rate.
 - b. Tracy noted this option would require continued ownership of the building, being a landlord, maintaining a property manager, and having a separate provider for incubation services, not to mention substantial investment needs.
- 2a. Subdividing the property.
 - c. Would need to confirm infrastructure and condo-ize it because the buildings are connected.
 - d. IDA could have its space and another developer could own and use other spaces.
- 2b. Sell property and enter into long-term lease for a portion of building to use as an incubator.
 - e. Would have to make monthly rent payments, but no responsibility for maintenance and infrastructure upgrades.
3. Sell it in total.
 - a. The IDA will need to think about how much is acceptable for return/sale price, what improvements need to be made to get to a marketable point, what happens with city's interest in that building, and a solution for DPW must be found.

Tracy noted there is some availability for remediation funding because the building is in a brownfield opportunity area (BOA). Tracy noted the property needs a boiler and significant roof work.

Tracy noted that Myles has been unable to lease some of the units because they are either too small or too big. David noted the spaces would need HVAC work as well.

Irene asked for clarification on the asbestos situation on the second floor. Tracy confirmed that a corner of the second floor with asbestos is indeed not marketable and requires remediation before it can be leased. However, the rest of the second floor and office spaces are not a problem.

Tracy noted that any renovations to the building, though expensive, could be partially funded by grants (maximum 20% from ESD, maximum 60-70% from EDA). RJ asked if there is a market for the spaces in the building. Tracy reiterated that the layout of the building is not ideal, so some renovation would improve marketability.

Matt suggested that the IDA should have an internal dialogue about what they value: Are they trying to be a landlord and make money, create an incubator space, or generate revenues that can fund other programs. Matt noted that option 2b would be attractive to a developer because it provides immediate revenue. He also noted that startups are looking for turn-key space which would require significant IDA investment in renovations.

Tracy noted that the IDA has expressed an interest in providing the highest community benefit, which could come either from the property being taxable or the economic vitality generated by a true business incubator.

RJ asked where deal flow for an incubator would be coming from. David responded that it would depend on how “startup” and “business” are defined. If you include artists and crafters, that could be a promising area. Tracy added that there could be people coming from the nearby Tech Farm, which is at capacity, so businesses are searching for places to grow. Dirk noted that Cornell Cooperative Extension and HWS Business and Entrepreneurship programs could provide two constant business feeders to the building, adding to Tracy’s earlier point that they are not looking for large spaces to rent.

Irene asked if the space has ever been marketed as a business incubation space. Tracy did not think it had been beyond offering below market-rate rents.

RJ asked if anyone had reached out to Cornell or HWS about the property. Tracy did not think anyone had.

Tracy noted the needed roof repairs are estimated at \$1 to \$3 million alone in critical areas. She estimated that the IDA is looking at a minimum investment of \$3.5 to \$4 million for structural and mechanical upgrades. Matt noted that even after those improvements the building design will still make it hard to get market-rate rents.

Matt noted the benefit for the private sector is substantial, as well as the importance of finding out and promoting what makes the site unique (e.g. substantial sewer or electricity capacity). Matt explained that there are several components to the future of the site:

- DPW area
- Multi-story building in the front end
- New build somewhere on the site
- Eastern end incubator kitchen

Tracy noted that she had roughed up an estimated proforma based on square footages and estimated \$/sq foot improvements, plus the mechanical/structural improvements noted earlier. Because of the size of the building, even a modest but comprehensive renovation came up to \$17 million. That seems like a lot to invest in the building. Matt responded that he would not invest \$17 million into this facility, emphasizing the inaccessibility of the site for trucks on top of building issues. Dirk said that \$17 million would fix many issues, but without an end goal in mind it is not a wise investment.

Dirk also noted that while the infrastructure plans have not yet been found, he suspects the infrastructure is not wonderful, noting that only the kitchen has potable water, and one corner of the building needed additional electrical capacity to function.

Next Steps

Tracy noted the primary questions to bring back to the full board are:

- Is it the IDA's role to own and operate an incubator? If yes, then what is the level of investment they are willing to make?
- Is the base goal to be able to transform the building into something that can cash-flow the IDA? Or do they just want it to be able to cash-flow itself?

Tracy noted that she will have to research how much grant funding the IDA could get for remediation, specifically referencing the sawtooth portion of the roof which could contain hazardous materials. Private developers would also have access to these grants, but in her experience the IDA has a better opportunity at getting the maximum amount of funding.

ADJOURNMENT

- Motion to adjourn at 5:00pm by RJ Passalacqua, second by Irene Rodriguez.