

I. Montour Falls – RESTORE III – Rural Urban Center (W815)

June 24, 2010

General Project Plan

Grantee: Village of Montour Falls (the “Village” or “Montour Falls”)

Beneficiary Company: Union School, LLC

ESD Investment: A grant of up to \$766,500, pending passage of the New York State budget, to be used for a portion of the cost of rehabilitation and renovation of the former Rural Urban Center.

Project Location: 208 W. Broadway Street, Montour Falls, Schuyler County

NYS Empire Zone (or equivalent): N/A

Project Completion: December 2011

Grantee Contact: Donna Kelley, Mayor
408 West Main Street, PO Box 812
Montour Falls, NY 14865
Phone: (607) 535-7367 Fax: (607) 535-7076

Beneficiary Contact: Bruce Nelson, President
1803 Castle Gardens Road
Vestal, NY 13850
Phone: (607) 748-8200 Fax: (607) 748-8204

Project Team:

Project Management	Robin Alpaugh
Affirmative Action	Denise Ross
Environmental	Soo Kang

Project Description:

Background

The Village of Montour Falls, part of the Town of Montour in Schuyler County, was incorporated in 1836. The Village’s effort to continue to redevelop its main street anchor buildings is part of its plan to create new commercial/retail and residential opportunities in the downtown historic district. Schuyler County government vacated the Rural Urban Center that housed county offices in 2007, moving them to a newer location. In partnership with Nelson Development Group, (the “Developer”), the Village will replicate the successful Restore II Montour House project, which was completed in April 2010 and is nearly at full commercial and residential occupancy. ESD provided a \$700,000 grant to assist with the Montour House redevelopment that transformed a vacant hotel property into a mixed use residential/commercial building in the heart of Montour Falls. The Rural Urban

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Center property will be acquired by the Developer from the County prior to the beginning of rehabilitation. The project will further revitalize the downtown business district.

The Project

The project involves the redevelopment of a 15,344 square foot former school, that was most recently used as County office space, that will be transformed into a mixed use facility.

Commercial space is planned on the street level of the main building and adjacent 2,520 square foot outbuilding. Market rate apartments would be established in the remaining first floor space and on the second and third floors. The building was vacated in 2007 by the County and is a surplus facility that has been well maintained over the years. Once completed, this building will provide additional revitalization in downtown Montour Falls with much-needed living and commercial space.

Engineering and design efforts are currently underway with construction/renovations expected to begin in September 2010. The property was conveyed to the Developer by the County in April 2010. Nelson Development Group will also be the general contractor and be responsible for the design, construction and management of the project which is expected to be completed by December 2011.

Financing Uses	Amount	Financing Sources	Amount	Percent
Construction/Renovation	1,196,000	ESD Grant	\$766,500	50%
Infrastructure/Site Prep	153,000	Village Equity*	110,000	7%
Indirect/Soft Costs	194,000	PILOT Sales Tax Relief	55,000	4%
		Bank Financing**	403,000	26%
		Rehabilitation Tax Credits	198,500	13%
		Federal Stimulus Funds	10,000	1%
Total Project Costs	\$1,543,000	Total Project Financing	\$1,543,000	100%

*Source of equity is funds from the building's owner.

**Visions Federal Credit Union, terms TBD

As indicated above, a portion of the financing for the project will come from syndication proceeds of Federal Rehabilitation Tax Credits ("RTCs"), a program through the National Park Service and New York State Historic Preservation Office. The amount of tax credit equity for which a project is eligible is a function in part of other funds leveraged in a deal, including the Restore NY grant. In order to maximize the amount of RTC equity, the Restore NY grant will not be granted to the developer/property owner directly by the Village, but rather channeled to the property by the Village as a loan.

The property owner will thus ultimately receive the Restore NY funds as long-term (approximately 30-year) interest-only loan at a nominal interest rate. At the end of seven years, the Village will have the right to forgive the loan, converting it to a grant. Empire

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State Development's Grant Disbursement Agreement will require that the grantee provide satisfactory documentation that the amount of the grant proceeds has been used for Restore NY- eligible work. In the event of a failure to provide such documentation, the entire grant will be subject to recapture.

Financial Terms and Conditions:

1. At the time of disbursement, the Village will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The Village will be obligated to advise ESD of a materially adverse change in its financial condition prior to disbursement.
3. The Village will ensure the contribution of at least a 10% match of the grant amount to the Project.
4. Up to \$766,500 will be disbursed to Grantee in two installments as follows:
 - a) an Initial Disbursement of 50% of the grant (\$383,250) will be disbursed to the Grantee upon documentation of eligible project costs totaling \$766,500, assuming that all project approvals have been completed and funds are available and provided Grantee is otherwise in compliance with program requirements;
 - b) a Second Disbursement of 50% of the grant (\$383,250) will be disbursed to the Grantee upon completion of the project as evidenced by a certificate of occupancy and documentation of an additional investment of \$776,500 in eligible project costs (aggregate total of \$1,543,000), assuming that all project approvals have been completed and funds are available and provided Grantee is otherwise in compliance with program requirements.

Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenses must be incurred on or after May 4, 2009 to be considered reimbursable project costs. Previously expended funds may be applied toward match requirements retroactive to June 23, 2006, when the Restore New York Legislation was enacted.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$766,500 for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Village and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.
6. If the Grantee is not the owner of the Project, then the Grantee shall prohibit, for five years from the date of the initial disbursement of Grant funds, any transfer of the Project in whole or in part, by sale, lease, or conveyance of any interest in or with respect to the

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Project except (a) transfers of minor interests in the Project site, such as utility easements and limited rights-of-way, and (b)(i) the arms-length basis sale or lease of individual condominium units in the ordinary course of business for a condominium development and (ii) the arms-length basis residential or commercial lease in the ordinary course of business for a commercial, residential, or mixed-use rental development. In the event that such a prohibited transfer occurs within such five-year period, the Grantee shall pay to ESD, promptly upon ESD's written demand therefor, the applicable amount indicated below.

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

- (i) 100% of the disbursed amount if the transfer occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- (ii) 80% of the disbursed amount if the transfer occurred in the second full calendar year after the disbursement was made;
- (iii) 60% of the disbursed amount if the transfer occurred in the third full calendar year after the disbursement was made;
- (iv) 40% of the disbursed amount if the transfer occurred in the fourth full calendar year after the disbursement was made;
- (v) 20% of the disbursed amount if the transfer occurred in the fifth full calendar year after the disbursement was made.

Environmental Review:

The Village of Montour Falls, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project would not have a significant effect on the environment. ESD staff reviewed the supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

Affirmative Action:

ESD's Non-Discrimination and Affirmative Action policy will apply. The grantee is encouraged to use its best efforts to include minorities and women in any job opportunities created by the project, and to solicit and utilize Minority and Women-owned Business Enterprises for any contractual opportunities generated in connection with the project.

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Statutory Basis – Restore NY Communities:

Land Use Improvement Project Findings

1. The area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest sound growth and development of the municipality.
The project involves the renovation of a vacant, surplus former school/County building, which has been deemed by the Village to arrest sound growth and development in the area.
2. The project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.
The project involves the renovation of a site that the Village has included in its overall vision to redevelop its historic downtown district by providing new opportunities for residential living and commercial growth.
3. The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.
The Village published a property assessment list and held a public hearing on the project at the time of application. The Village will ensure compliance with all applicable local laws and regulations.
4. The requirements of Section 10(g) of the Act are satisfied.
There are no families or individuals displaced from the Project area.

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Montour Falls (Schuyler County) – Montour Falls - RESTORE III – Rural Urban Center – Restore NY Communities 08-09 (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Montour Falls – RESTORE III – Rural Urban Center Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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