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NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

PUBLIC HEARING FOR THE SUMMIT OUTLETS, LP

October 28, 2014

4:00 P.M.

Taken at: Niagara County Center
 for Economic Development
 6311 Inducon Drive
 Sanborn, New York 14132

1 PRESENT: SUSAN LANGDON,
 As Hearing Officer,
 2 Niagara County Industrial
 Development Agency,
 3 Director of Project Development.

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5 REPORTED BY: DAWN M. SITERS,
 Court Reporter.

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ATTENDANCE NOTED ON ATTACHED SIGN-IN SHEET

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1 MS. LANGDON: Good
2 afternoon. My name is Susan Langdon, Director of
3 Project Development for the Niagara County
4 Industrial Development Agency. I will be serving as
5 hearing officer for this public hearing. It is now
6 4:03 P.M.

7 The purpose of this hearing is
8 to solicit comments, both written and oral, on the
9 Summit Outlets, LP project in the Town of Wheatfield.
10 This project entails the renovation of the former
11 Summit Mall and its reopening as a multiuse tourist
12 destination.

13 I have made copies available of
14 the project's cost/benefit analysis, project summary
15 and the application up here on the table.

16 Comments can be in support of, or
17 in opposition to, or on the nature or location of
18 the project. All comments are to be limited to this
19 project only.

20 Notice is hereby given that a
21 public hearing pursuant to Article 18-A of the New
22 York General Municipal Law will be held by the
23 Niagara County Industrial Development Agency (the

1 "Agency"), on the 28th day of October, 2014, at 4:00
2 P.M. local time, in the Conference Room at the
3 Niagara County Center for Economic Development,
4 6311 Inducon Corporate Drive, Suite One, Sanborn,
5 New York 14132, in connection with the following
6 matter.

7 The Summit Outlets, LP, and/or an
8 individual or affiliate, subsidiary, or entity or
9 entities formed, or to be formed on its behalf (the
10 "Company"), has submitted an application to the
11 Agency, a copy of which is on file at the office of
12 the Agency, requesting that the Agency consider
13 undertaking a project (the "Project"), consisting
14 of: (A) the acquisition or retention by the Agency
15 of fee title to or other interest in an
16 approximately sixty-acre parcel of land located at
17 6929 Williams Road in the Town of Wheatfield, New
18 York (the "Land"), together with the existing
19 buildings located thereon (the "Existing
20 Improvements"); (B) the renovation and modernization
21 of approximately eight hundred thousand square feet
22 of the Existing Improvements located on the Land
23 transitioning from an outdated enclosed shopping

1 center to a mixed-use facility (collectively, the
2 "Improvements"); (C) the acquisition and
3 installation in and around the Improvements of
4 certain items of machinery, equipment and other
5 tangible personal property (the "Equipment", and
6 collectively with the Land, Existing Improvements
7 and the Improvements, the "Facility").

8 The Agency will acquire title to,
9 or a leasehold interest in, the Facility, and lease
10 the Facility back to the Company. The Company will
11 operate the Facility during the term of the lease.
12 At the end of the lease term, the Company will
13 purchase the Facility from the Agency, or if the
14 Agency holds a leasehold interest, the leasehold
15 interest will be terminated. The Agency
16 contemplates that it will provide financial
17 assistance (the "Financial Assistance") to the
18 Company in the form of sales and use tax exemptions
19 and a mortgage tax recording exemption consistent
20 with the policies of the Agency, and a partial real
21 property tax abatement.

22 A representative of the Agency
23 will be at the above-stated time and place to

1 present a copy of the Company's project application
2 and hear and accept written and oral comments from
3 all persons with views in favor of, or opposed to,
4 or otherwise relevant to the proposed Financial
5 Assistance.

6 This public hearing is being
7 conducted in accordance with Subdivision 2 of
8 Section 859-a of the New York General Municipal Law,
9 dated October 8, 2014, Niagara County Industrial
10 Development Agency, by Samuel M. Ferraro, Executive
11 Director.

12 I will now open the hearing for
13 comments. Please remember to give your name,
14 address and organization you may represent. Direct
15 all comments to the Chair. And your comments should
16 be made on this project only.

17 Does anyone wish to speak? Mr.
18 Anderluh.

19 RON ANDERLUH: Yeah. Ron
20 Anderluh. I reside at 151 Buffalo Avenue, Niagara
21 Falls, New York. I'm here to speak as a concerned
22 citizen, first of all, and the Niagara Street
23 Business Association, of which I am the

1 Revitalization Coordinator, and also as a former
2 manager and leasing agent for the old Summit Park
3 Mall. I also was a manager out there back in the
4 '70s when McCrory's was out there. And they
5 continued to be there for about ten or fifteen years
6 until they had to close down.

7 But I'm here to speak on this. I
8 know the facility. When I was working with Mr.
9 Anthony, who was the last owner of the mall, we
10 worked very close together. He was from North
11 Carolina, and I took care of things up here for him.
12 We had a good staff there. Unfortunately, he didn't
13 understand the principles of running a mall in this
14 area. This is not North Carolina, and we -- it just
15 didn't work for him, because what he was trying to
16 do, didn't work in this area.

17 And I'm hoping that the new
18 owners -- I'm glad to see that they have a
19 mixed-use; stores, retail, entertainment. That's
20 what we need. It's a prime location. And I just
21 don't understand why no one has picked up this
22 property before this, because it's so close to the
23 airport, and so close to all the new hotels they're

1 building there. And I'm glad to see that a company
2 has picked up the Summit Park Mall, and is willing
3 to -- I'm not sure how much of his own private money
4 he's putting into this. That's one question I had.
5 I see that he's asking for fifteen million dollars.

6 I went through all the renovations
7 back in 2004/2005. We spent three million dollars
8 putting a new roof on the entire thing. And we
9 upgraded all the air conditioners and furnaces on
10 the roof at that time. We went through just about
11 every store. At one time you could go into the
12 Summit Park Mall, and under all the tiles there was
13 hundreds and hundreds of buckets filling, taking the
14 excess water off of that. But we repaired the roof.
15 Like I say, it was a three-million-dollar project.
16 And we put all the new air conditioning and furnaces
17 in. We rehabbed just about every store in there.
18 And it was all ready to rent.

19 And then he just, I guess, gave
20 up, because he didn't want to listen to anybody
21 about getting the right mix of tenants in there.

22 But with the new -- I don't have a
23 problem with the new owner, it's just that he's got

1 to make sure he's got a good mix of tenants in
2 there.

3 And I'd like to see some of his
4 private money invested, also, in this mall, not just
5 all the IDA money.

6 And with the jobs that it's going
7 to create -- and I'm glad to see that all the
8 contracting jobs and all the work will be Niagara
9 County workers. So we need that here in Niagara
10 County. We need jobs.

11 And I'm glad to welcome them into
12 the area. And I wish you the best. If there's
13 anything I can do to help, I'm here to assist you
14 with my past experience and that, also. Thank you.

15 MS. LANGDON: Thank you.
16 Just as a point of information, I'd like to say that
17 Mr. Cocov is not asking for fifteen million dollars
18 from the IDA. He's using his own money, or bank
19 financing, whatever it may be. The IDA is giving
20 property tax abatements on the improvements only,
21 and sales tax abatements on the construction
22 materials, and a mortgage recording tax. So it's
23 not public money that he's using.

1 Does anyone else wish to speak?

2 Mr. Hamilton.

3 KEN HAMILTON: Do I have to
4 stand up?

5 MS. LANGDON: No. As long
6 as Dawn can hear you, we're good.

7 KEN HAMILTON: Can you hear
8 me?

9 THE REPORTER: Yes, sir.

10 KEN HAMILTON: Most people
11 never have a problem doing that.

12 Ken Hamilton, 3609 Highland
13 Avenue. I'm here as a private citizen who has a
14 great interest and a long-standing interest in the
15 development of Western New York.

16 We have every asset that we need
17 in order to make Western New York a contributor to
18 the economy of New York State, and to the United
19 States as a whole. And yet, we fail to do so too
20 often.

21 I'm not in favor of this project.
22 I'm sorry. I'm not in favor of this project. And
23 I'm not in favor of this project -- I joke and say

1 that because I went to school in Niagara Falls that
2 I can't read; I can read and I can understand. In
3 the Navy one of the things that we were taught is
4 that a drowning person will grab ahold of the blade
5 of a sword in total desperation. And I feel that
6 too often that's where we are here in Niagara Falls,
7 in Niagara County particularly in Western New York.
8 If you read the application and actually do some due
9 diligence on it, you will find that there are a
10 great deal of huge, monstrous holes in this.

11 One is when you start to look at
12 who actually owns the mall. Now, Mr. Anderluh had
13 said that Jim Anthony once owned the mall. We have
14 to look at the financing of this project. Who
15 actually owns the mall? If I own a piece of
16 property and I take -- and I -- somebody wants to
17 buy it for me -- from me, rather, and I hold the
18 mortgage, then who truly owns that piece of
19 property? It defaults back to me, it's already
20 mine. The person had not made full compensation
21 for the purchase, therefore, that property is mine.

22 Now, that takes us to the issue of
23 Mr. Anthony has already taken IDA benefits for that

1 piece of property. And he defaulted on that
2 because, as Mr. Anderluh pointed out, the mall went
3 belly-up, he's upsidedown, and therefore, because he
4 is still -- maybe not titularly the title owner of
5 that mall, but in essence, he really is. Therefore,
6 we must ask the question, can someone who is in
7 default already, who actually owns the mall as the
8 holder of the paper and the former owner all in one,
9 can the IDA accept this application.

10 Furthermore, we have to start to
11 look at the application itself. Now, I used to
12 write political speeches, so I know how to read and
13 smell what's in a political speech. All of it's not
14 all that great. When we start to look through this,
15 we're finding that be as proposed tenants there are
16 three anchor tenants there, Save-A-Lot; Sears, who
17 owns their building; and the Bon-Ton at the other
18 end of the -- at the other end of the mall. Other
19 than that, the mall is fundamentally empty. People
20 with whom I have spoken concerning this application
21 say that there is nothing here in it that would
22 substantiate us taking a risk as an IDA for anything
23 in this.

1 When we get to page seven where it
2 says other proposed tenants, do -- is a liquor store
3 mixed-use? A UPS shipping store and business
4 incubator, when just down the street by a mile and a
5 half UPS already has a facility. Can we really
6 believe that UPS is going to give up a standalone
7 facility that they already have, where they do their
8 package shipping and breaking, and where you can
9 actually go in there and do business with UPS would
10 say we're going to give up this piece of property,
11 which is almost fully amortized, to move into a mall
12 that's wet? A hair salon, is that mixed-use? I
13 mean, it's like we can't find hair salons in the
14 city or in the town? A retail store. An alchemy.
15 A church; there was once a church there. They moved
16 out. A food court. A pharmacy.

17 And here's where it gets really,
18 really good. When you start to look at the
19 pharmacy, it is the Summit Pharmacy. That's owned
20 by Steve Garow -- or Giroux. Steve was -- we made a
21 call to Steve, asked him, has anyone talked to you
22 about this application. And he affirmed that yes,
23 they have, and that he declined, saying that I have

1 no intention of moving back into that mall. He owns
2 what, three or four other stores already elsewhere.
3 He's looking for something else other than that.

4 And then when I go and ask my
5 engineering friends about the cost of the renovation
6 of that mall, the estimates for the parking lot
7 alone are between fourteen and twenty million
8 dollars to bring that back up.

9 Yeah. Yeah. Don't, even with
10 body language. This is what I've got. I'm sure
11 they're going to give you an opportunity to speak if
12 you want to speak.

13 You mentioned three million
14 dollars for the roof. We know that that place has
15 been pretty much harvested. The copper's missing.
16 Most of the air conditioning units, of which Mr.
17 Anderluh spoke, that they had put in years ago, they
18 have been cannibalized, taken all of the important
19 things out that would make those units work.

20 And so when we look at this, we
21 have to say on the surface, just what's written in
22 the application, if we read it carefully enough, we
23 have to ask the question again, and I reiterate, who

1 actually owns the mall? Is the paper owner in
2 default already with the IDA? And can we legally
3 even accept this under these conditions?

4 And two, that when we begin to
5 investigate what this mixed-use is, it's mostly
6 proposed units. There is no contracts saying that
7 we can even fill a portion of this mall to even
8 begin to make it successful. It's just one of these
9 things that really need to be further investigated.

10 Furthermore, the Town of
11 Wheatfield has not done their own environmental
12 investigations into the condition of this mall.
13 When we looked for the -- what was supposed to have
14 been attached -- the environmental statements, they
15 were not attached to the application. The Town of
16 Wheatfield does not have them on file. So already
17 in the township for which you are asking to go,
18 they have not had or have taken advantage of their
19 opportunity for due diligence.

20 And we know too little about any
21 of this. In fact, when we looked at the website,
22 it's a dot CO. Now, when we look at where the dot
23 CO is, the country domain, we're doing business --

1 and this is not being xenophobic or anything -- but
2 you start to look at -- well, it presents more
3 questions than it asks (sic). You have a Bogota,
4 Columbia website for a Russian Canadian who wants to
5 do business in Western New York. I mean, it may all
6 be good, but it raises a bunch of red flags that
7 says perhaps we need to take another look at this
8 before we even consider taking this -- accepting
9 this application.

10 This application on its own looks
11 like a rewrite, a regurgitation of something else.
12 It's a -- it looks like the Frankenstein monster of
13 applications. And like the Frankenstein monster,
14 great experiment, but in the end, it always ends
15 badly.

16 I strongly recommend that we
17 forego the acceptance of this application until we
18 get further details about this, until we actually
19 check out these prospects to see if they are,
20 indeed, really prospects or -- because I could
21 write -- I mean, if you want, I can sit there and
22 write another -- a hundred prospective clients in
23 there, businesses in there. But it would not make

1 it any more valid. In fact, it would only make it
2 less valid.

3 For fear of the more you say, the
4 less you are saying, this is pretty much all that I
5 have to say about this application. Again, I
6 reiterate, I strongly recommend that we, or you as
7 an IDA, do more due diligence on this prior to the
8 acceptance. I don't want Niagara County to be
9 embarrassed again. And I don't want any opportunity
10 for development, of which we woefully need, in
11 Niagara County to end up as something bad that might
12 discourage others.

13 When we start to look at -- one
14 other thing. When we start to look at what's
15 happening along Military Road and Niagara Falls
16 Boulevard, with the expansion of all of these things
17 that are listed in here, you have to say, unless we
18 grow the population, this program, this project, is
19 doomed already anyway. So your partnership in it
20 would only likely wind up to be, well, people with
21 torches and pitchforks chasing down your Frankenstein
22 monster and killing it anyway, and then looking for
23 you all to do likewise. Thank you very much.

1 MS. LANGDON: Thanks, Mr.
2 Hamilton. Does anybody else wish to speak?

3 RON ANDERLUH: May I say
4 something again?

5 MS. LANGDON: Well, briefly.

6 RON ANDERLUH: I just want to
7 say that back when I was there, we had a proposal to
8 do the parking lot, and this goes back four or five
9 years. At that time, we had a proposal for about
10 three million dollars to do the parking lot, which
11 was, at that time, a lot of money. I don't know
12 what it might be now. But the parking lot is in bad
13 condition. But I'm sure that with the proper
14 construction people there, they'd put it back to
15 where it was before.

16 And as I said earlier, you need
17 the right mix of tenants there. Churches, to me,
18 are not going to cut it in a mall. But you need a
19 good mixture of tenants. Maybe it has to go like
20 they did with the old Appletree Mall and turn it
21 into a business, like the Social Security office,
22 and all that, Motor Vehicles would be there. So
23 it's a one-stop shopping center for all that. It

1 could be a mixture and have a good food court and
2 some retail there, also. Thank you.

3 MS. LANGDON: Okay. Thank
4 you. All right. No one else wishing to speak,
5 I'll close the hearing. It is now 4:20 P.M.
6 Thank you for your attendance and your comments.

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