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CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY

PUBLIC MEETING

December 20, 2012

21 Lodge Street

Albany, New York 12210

12:00 p.m.

A P P E A R A N C E S:

- ANTHONY J. FERRARA - CHAIRMAN
- JOHN R. VERO - VICE CHAIRMAN
- HON. KATHY SHEEHAN - TREASURER
- SUSAN PEDO - SECRETARY
- MARTIN DALEY - MEMBER
- TRACY METZGER - MEMBER
- C. ANTHONY OWENS - MEMBER
- MICHAEL J. YEVOLI - CEO
- ERIK J. SMITH - CFO
- BRADLEY CHEVALIER - SENIOR ECONOMIC DEVELOPER
- SARAH REGINELLI - DIRECTOR OF ECONOMIC DEVELOPMENT
- AMANDA VITELLO - COMMUNICATIONS AND MARKETING ASSISTANT
- PATRICK JORDAN - COUNSEL
- A. JOSEPH SCOTT, III, ESQ. - COUNSEL

1 MR. YEVOLI: Well, we could close the
2 hearing and have a discussion during the Board
3 meeting.

4 CHAIRMAN: Joseph? May I have a ruling,
5 Joseph?

6 MR. MARTIN: Didn't we move to accept in
7 the agenda? I'm sorry.

8 CHAIRMAN: A ruling, Joseph.

9 MR. SCOTT: Well, the purpose of the
10 hearing, Chairman, is to solicit public comments
11 on the action.

12 CHAIRMAN: Right.

13 MR. SCOTT: Our typical policy, however,
14 which is what Bradley and Michael are discussing,
15 that we typically have an applicant, the
16 applicant here to explain what we're doing, which
17 helps both in the public comment and also provide
18 some record. So from a strictly legal
19 standpoint, we do not need anyone here, but from
20 a policy standpoint, that's been our practice.

21 CHAIRMAN: Well, I don't like the
22 practice. Okay.

23 MR. SCOTT: I could make a call if you

1 on the record for the public hearing.

2 MR. YEVOLI: If I could just look to the
3 Board to say, are we okay with closing out the
4 hearing? We've heard this project. And then for
5 the record, I mean, we will reflect in the
6 minutes any discussion that occurred in the
7 meeting, any project activities that we're
8 looking at, as opposed to being in the hearing,
9 will be in the minutes, and we could have a
10 discussion during the meeting, if that's okay
11 with you, as opposed to the hearing, and we can
12 be done with the hearing.

13 MS. SHEEHAN: As long as that fulfills
14 our public hearing obligations.

15 MR. SCOTT: It does, it does.

16 CHAIRMAN: Okay? In agreement with
17 everyone?

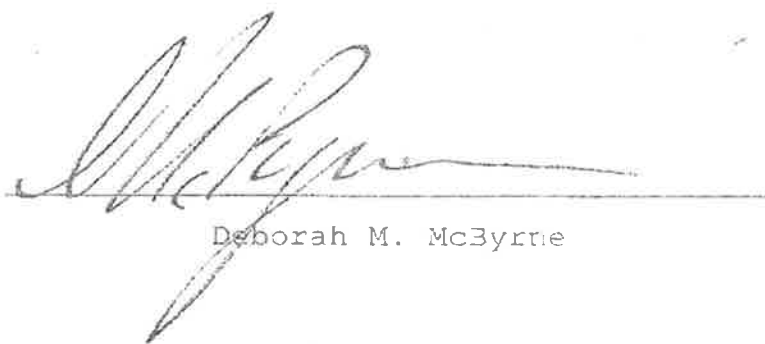
18 MS. SHEEHAN: I am fine with it,
19 Mr. Chairman.

20 CHAIRMAN: All right. Then we
21 officially close the public hearings. Hearings
22 of the Albany Industrial Development Agency are
23 closed.

C E R T I F I C A T I O N

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I, Deborah M. McByrne, a Shorthand Reporter and Notary Public of the State of New York, do hereby certify that the above and foregoing is a true and correct transcript of the proceedings as mentioned in the heading hereof, to the best of my knowledge and belief.



Deborah M. McByrne

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CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY

PUBLIC MEETING

June 21, 2012

21 Lodge Street

Albany, New York 12210

12:00 p.m.

A P P E A R A N C E S:

ANTHONY J. FERRARA - CHAIRMAN

WILLARD A. BRUCE - VICE CHAIRMAN

HON. KATHY SHEEHAN - TREASURER

SUSAN PEODO - SECRETARY

MARTIN DALEY - MEMBER

MICHAEL J. YEVOLI - CEO

ERIK J. SMITH - CFO

A. JOSEPH SCOTT, III, ESQ. - COUNSEL

JOHN REILLY - AGENCY COUNSEL

PUBLIC:

Scott Townsend, 3t Architects (Dilek, LLC)

Lexa Juhre, Honest Weight Food Co-Op

Duke Bouchard, Honest Weight Food Co-Op

COPY

M-F Reporting, Inc.

(518) 478-7220

1 CHAIRMAN FERRARA: Good afternoon. I
2 would like to officially open the public hearing
3 of the Albany Industrial Development Agency. We
4 have two projects for consideration.

15 The next project for consideration is
16 the Honest Weight Food Cooperative, Inc. Joe,
17 have proper documents been filed in this regard?

18 MR. SCOTT: Yes. Same process, I have
19 copies of the affidavit of publication from the
20 Times Union. I have copies of the certified mail
21 covering the notice that went to the effective
22 tax jurisdictions and we all have that as part of
23 the file. So, yes, for the record.

1 CHAIRMAN: Thank you. Anyone else wish
2 to speak in regard to this project?

3

4 MS. JUHRE: Hello.

5 CHAIRMAN: Yes?

6 MS. JUHRE: I am Alexandra Juhre. I am
7 the Organizational Leader of Honest Weight Food
8 Co-op and one-third of the leadership team that
9 runs the store.

10 MR. BOUCHARD: And I'm Duke Bouchard,
11 CFO of the Honest Weight Food Co-Op and
12 two-thirds of the --

13 MS. JUHRE: Well, the second third.

14 MR. BOUCHARD: The second third.

15 MS. JUHRE: Basically, as you know,
16 we're planning on opening a 30,000-square-foot
17 natural foods grocery at the intersection of
18 Watervliet Avenue and Watervliet Avenue
19 Extension. We've secured all our municipal
20 approvals, except for the building permit, which
21 is in process and should be issued by either
22 tomorrow or early next week. So we have been
23 through zoning and got a use variance and then we

1 have a setback variance, as well as the site plan
2 approval. So those have all been completed. Our
3 funding is all in place and, basically, as soon
4 as the building permit is issued, the funding can
5 start being drawn upon and we have our attorney's
6 position to set that in motion as soon as we can.

7 Abatement has actually begun on the
8 property, for there's limited asbestos found in
9 the flashing around the perimeter of the building
10 and some internal components, window calk and
11 things in minimal amounts. That's underway, as
12 well. We're hoping to begin demolition early in
13 July and have a groundbreaking somewhere in mid
14 July and be open in spring of 2013.

15 In addition to being a grocery store
16 that focuses more principally on organics and
17 natural products and wellness products, we also
18 have a community center aspect, where there's
19 800-square-feet of community space dedicated to
20 classroom workshops, things around nutrition,
21 sustainability, how to can your harvest. There
22 will be a teaching kitchen so we could do classes
23 to prepare foods and show people how to maybe

1 incorporate different ingredients in their diet,
2 adapting to special diets if they've recently
3 been diagnosed with conditions that require it or
4 just are trying to make a change in their
5 nutritional outlook. Things about gardening and
6 planting. Classes about how to make your own
7 body care or how to do things with reusing
8 materials. A lot of things that are sort of a
9 broad umbrella, sustainability and nutrition-
10 related programming that we hope will engage the
11 neighborhood around us, as well as people from
12 the broader communities.

13 We currently serve a really wide trade
14 area. About 60 percent come from Albany County
15 and a limited amount from City of Albany and a
16 limited amount from Troy, but we also serve the
17 surrounding nine counties for the other 40
18 percent of our business and we bring a lot of
19 people to the City of Albany and we hope to
20 remain a real anchor in the community for
21 building that end of the neighborhood. We think
22 that we'll anchor the Watervliet Avenue corridor
23 nicely. That will bring sort of a destination

1 spot to that area and that we anticipate that we,
2 or we would like to be working with the City to
3 develop entrepreneurial business along that
4 corridor that will be synergistic with what we're
5 doing, and we've also reached out to area
6 business like John Keal Music and certainly Motel
7 6, which is next door, and talking about how we
8 can support their businesses, as well, or how we
9 could work with them to improve and strengthen
10 the neighborhood. We are scheduled to go to the
11 West End Neighborhood Association meeting on the
12 28th, so we are going to talk to the people that
13 come to there and look at how we could serve them
14 best.

15 I think we went through last time pretty
16 clearly how we ended up with the pilot request
17 that we made. We purchased the land in 2007. It
18 qualified for Empire Zone benefits at the time
19 and we factored them into our pro forma. We
20 started with a \$6.4 million budget in new market
21 tax credit structure. The market shifted really
22 about that time and our financing ultimately fell
23 through for that. We rescaled the project back

1 to 5.4 million, engaged Sano-Rubin Construction
2 and Envision as a subcontractor to them, to
3 design a smaller structure and reduce the budget
4 and came back to the IDA looking to construct a
5 similar deal to what we would have qualified for
6 with the Empire Program, realized that the
7 economy terms were not as generous as they used
8 to be, and wanted to adapt our proposal to
9 reflect what was more realistic as what we needed
10 for our business, as well as what the City would
11 need in revenue from taxes.

12 So we're asking for a sales tax
13 abatement on the materials for the construction
14 and we're asking for sort of a modified pilot
15 request, a mediation that is three years at 100
16 percent and then the fourth year is 75 and then
17 the fifth year and sixth years are 50 and then it
18 tails down years seven through nine. So we'll be
19 paying the full tax burden in year ten and we --
20 well, we've done a pro forma analysis to show
21 that our first few years we really need that
22 abatement in order to make our debt service
23 coverage ratio, but then once we get into years

1 five and six, we will be refinancing with our
2 lenders. And because we can't anticipate what
3 the financial climate would yield in terms of
4 interest rates, then that's why we asked for a
5 mix-ended term, to give us some cushion to
6 refinance those lenders.

7 We are very excited to be committed to
8 staying in Albany and to be developing our
9 permanent home here. It has been a long process.
10 We have been working on this for about seven
11 years to figure out a way to eventually own the
12 property we are occupying and really dig roots in
13 so that we could be an anchor wherever we stayed
14 and we've been working on this property, like I
15 said, since 2007. We really feel that Honest
16 Weight continues to serve a mission that
17 compliments what the idea is trying to do, which
18 is to bring, as far as I understand, to bring
19 business and the community together in a way that
20 fosters development in the City and really
21 anchors and strengthens the City's fabric, and
22 that's what we aim to do and we will be available
23 for questions.

1 CHAIRMAN: Thank you. Any questions?

2 MR. BRUCE: The workshops that you
3 mentioned earlier on nutrition, are they free to
4 city residence?

5 MS. JUHRE: Yes. They are free to the
6 public. We have done a couple of things where we
7 added a materials charge, like a wine and cheese
8 tasting thing, but most everything else we've
9 done has been free to the public. We also offer
10 licensed massage, chair massage, ten-,
11 fifteen-minute massages, and those are open to
12 the public. There are sign-up sheets.

13 We are working on the job description
14 for an education coordinator. We've had one in
15 the past, but we want to sort of expand it with
16 the idea that we'll have a larger facility to
17 work within the new store, to really craft the
18 programming around the needs that emerge from the
19 community and really work with our staff to
20 assess what kind of classes will be helpful, but,
21 yes, they are free.

22 MR. BRUCE: This is more of a comment
23 than a question, but because of the extent of

1 financial assistance you're asking from us, you
2 know, it appears to me that your business model
3 has a lot more community benefit than a typical
4 corporate business model, just like the workshops
5 you've mentioned and all the local farms in
6 Albany County that you buy from and you support
7 them and the thousands of city residents that are
8 shareholders that benefit from your business
9 model, the living wage and there's a couple other
10 things. I'm just wondering if you could just
11 itemize the community benefits that are part of
12 your business model so that we have that as part
13 of the record. I might have missed a couple or
14 not heard it --

15 MS. JUHRE: No, I think that's an
16 excellent point. I didn't really summarize those
17 too well.

18 MR. BRUCE: I don't think you need it
19 here, but if you could just submit it to staff
20 when you have a chance to put it together as part
21 of the record.

22 MS. JUHRE: Oh, yeah. We've put
23 together a number of things, but I would be happy

1 to submit something. Yeah, I could give you a
2 list of the programming we are doing and, yeah,
3 in terms of the partnerships with businesses we
4 buy from, helping entrepreneurs develop products
5 to bring to market, things like that.

6 MR. BRUCE: The benefits that your city
7 resident shareholders derive from being members
8 and living wage, all of that, just kind of
9 community benefits.

10 MS. JUHRE: Okay. Thank you.

11 MR. DALEY: You had mentioned that a
12 significant portion of your market comes from
13 outside the City of Albany. Do you find that's
14 typical of other grocery stores that you're in
15 competition with, that they pull from a region,
16 as opposed to from just a neighborhood?

17 MS. JUHRE: I think because we have, we
18 have the broadest array of natural organic
19 products in the Capital Region, and I think that
20 that draws people. I think part of it is people
21 will make a trip to Albany from those surrounding
22 areas, from Columbia County, from Schoharie, from
23 Saratoga, and will attach us onto their trip.

1 They will think while I am in town, I'll stop at
2 Honest Weight. I think that typically the
3 conventional supermarkets draw more from the area
4 that they serve or an area where people work in,
5 those are the two primary things, but I do expect
6 that some of the emergent competition will draw
7 from a larger area. But we've looked at what we
8 think -- like Trader Joe's we expect will have
9 some impact on us, about 8 to 10 percent in the
10 first year. Whole Foods, when it comes in,
11 probably around 10 to 15, at the most. So we
12 recognize that there is some overlap in the trade
13 area, but we're confident that part of the fact
14 that we have so many owners who are invested in
15 the store, as well as, I mean, both in terms of
16 their equity as a member, but also in terms of
17 shareholder loans, they're made to raise funds
18 for the campaign, we're very confident that we
19 have a loyal base that will continue to shop with
20 us.

21 CHAIRMAN: Anyone else? Any other
22 questions? Thank you very much.

23 MS. JUHRE: Thank you.

1 CHAIRMAN: Anyone else wish to speak in
2 regard to this project? If not, I will
3 officially close the public hearing in regard to
4 the Honest Weight Food Cooperative, Inc.

5 MS. JUHRE: Thank you for your time.

6 CHAIRMAN: Thank you.

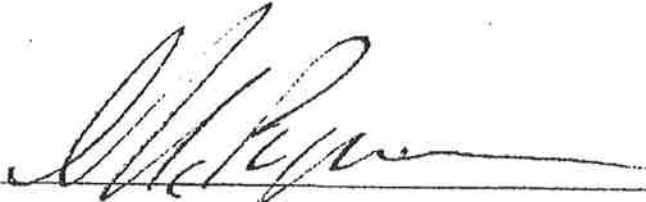
7 (Whereupon the public hearing is
8 concluded at 12:23)

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I, Deborah M. McByrne, a Shorthand Reporter and Notary Public of the State of New York, do hereby certify that the above and foregoing is a true and correct transcript of the proceedings as mentioned in the heading hereof, to the best of my knowledge and belief.



Deborah M. McByrne