



To: SEDCO Board of Directors
From: Eric Ennis
Date: December 11, 2018
Re: SEDCO Board of Directors Meeting Agenda – December 13, 2018

The City of Syracuse Economic Development Corporation (SEDCCO) Board of Directors Meeting on **Thursday, December 13, 2018 at 8:30 AM** in the **Innovation Lab (iLab)** in City Hall at 233 East Washington Street, Syracuse, NY 13202.

I. Call Meeting to Order –

II. Roll Call –

III. Proof of Notice – 1

IV. Minutes – 2

Review and vote on the minutes from the November 6, 2018 Board meeting

V. New Business –

Dey's Plaza LLC – Eric Ennis – 3

Subordination request from Dey's Plaza LLC for the refinance and renovation of 401 South Salina Street.

Attachment:

1. *Memo to Board*

2019 Meeting Schedule – Eric Ennis – 4

Review and vote to approve the board meeting dates in 2019.

Attachment:

1. *2019 Meeting Schedule*

VII. Adjourn



PLEASE POST PLEASE POST PLEASE POST

THE SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

BOARD OF DIRECTORS MEETING SCHEDULED

FOR

THURSDAY DECEMBER 6, 2018

HAS BEEN RESCHEDULED

FOR

THURSDAY DECEMBER 13, 2018

AT

8:30 AM

IN THE

**ILAB
215 City Hall
Syracuse, NY 13202**

FOR MORE INFORMATION PLEASE CALL 473-3275

**SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
ADDRESS: 201 East Washington Street, Suite 600
PHONE: (315) 473-3275 • E-MAIL: nbd@syr.gov • WEB SITE: www.syr.gov.net/sedco**



Minutes
Syracuse Economic Development Corporation
Board of Directors Meeting
Thursday, November 6, 2018
City Hall Commons Atrium
201 East Washington St
Syracuse NY 13202

Board Members Present: Honora Spillane, Steve Gross, Ben Bunting, Michael Quigley, Sheena Solomon, Richard Driscoll.

Board Members Excused: David Mankiewicz, Katie Sojewicz, David Bottar, Nick Petragnani, and Hon. Michael Greene.

Staff Present: Eric Ennis, John Vavonese, Ted Spencer.

I. Call Meeting to Order

Ms. Spillane called the meeting to order at 8:34 a.m.

II. Roll Call

Mr. Petragnani acknowledged that all Board Members were present except for David Mankiewicz, Katie Sojewicz, David Bottar, Nick Petragnani, and Michael Greene who were excused.

III. Proof of Notice

Ms. Spillane made note acknowledging proof of notice was out in a timely manner.

IV. Minutes

Ms. Spillane asked for a motion approving the minutes from the October 4, 2018 Board meeting.

Mr. Quigley made the motion. Mr. Gross seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MINUTES FROM THE OCTOBER 4, 2018 BOARD MEETING.**

V. New Business

Holiday of North Salina LLC

Mr. Ennis presented the loan request for the renovation of a mixed use building located at 746 North Salina Street, noting the project has received a grant award of \$98,100 from the City of Syracuse through the Restore New York program. Mr. Ennis stated the project is underway and has experienced cost overruns from additional work in the plumbing system and additional roofing repairs.

Mr. Ennis also noted the project is on track to be completed in Spring 2019, with a new four-bedroom upstairs unit and commercial retail space on the ground floor. Leasing for these spaces is just getting started to identify. The project is located as the same block of North Salina where the four buildings were burned in the significant fire in August of this year. The project will facilitate the revitalization of that block in the midst of the recent demolitions.

Mr. Ennis stated the loan request is for \$98,000 with a two year term at an interest rate of 3.0%.

Ms. Spillane asked for a motion to approve the bridge loan request for Holiday of North Salina LLC.

Mr. Quigley made the motion. Mr. Driscoll seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE BRIDGE LOAN REQUEST FOR HOLIDAY OF NORTH SALINA LLC.**

2019 Directors & Officers Coverage

Mr. Ennis presented the directors & officers liability coverage for SEDCO which was compiled by Haylor, Freyer, and Coon.

Mr. Driscoll asked if this is consistent with the same policy from previous years.

Mr. Ennis confirmed the policy has not changed.

Ms. Spillane asked for a motion to approve the policy.

Mr. Driscoll made the motion. Mr. Bunting seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE DIRECTORS AND OFFICERS LIABILITY COVERAGE FOR 2019.**

VII. Adjourn

Ms. Spillane said if there is no further business can I have a motion to adjourn the meeting.

Mr. Gross made the motion. Mr. Petragani seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY ADJOURNED THE MEETING AT 8:48 A.M.**



December 11, 2018

Memorandum To: SEDCO Board of Directors
From: Eric Ennis
Re: Dey's Plaza LLC
Mortgage Subordination Request

Background:

Since the departure of the Bank of New York Mellon (BNY Mellon) as an office tenant in late 2017, the owners of Dey's Plaza LLC have been working to stabilize the Dey's Centennial Plaza building, located at 401 South Salina Street. The building was first converted into a mixed-use development with 45 apartments in 2010, and converted an additional 16 units in 2014. After the departure of BNY Mellon the owners, Bob Doucette and Rich DeVito have been unsuccessful in attracting a new commercial tenant to occupy approximately 70,000 square feet of available space, and are focusing on residential use for the space.

Last month in November, Dey's Plaza LLC secured a financial commitment from Pathfinder Bank that would consolidate existing debt and provide new capital to convert the vacant commercial space on the building's third floor into 23 apartments. The proposed loan amount of \$10,937,205 would combine two existing loans totaling \$7,433,464 that were taken over by Pathfinder in 2017. The remaining \$3,503,741 will be used for capital improvements and the creation of an additional 9 two-bedroom and 14 one-bedroom units. The building currently contains 61 residential units with an occupancy rate of approximately 95%. The existing mortgages will be combined into one construction to permanent loan and mortgage, and completion of the 23 new units is expected to take 18 months.

As part of the loan commitment from Pathfinder, SEDCO would be required to subordinate behind the loan, and continue to receive interest-only payments until the building is stabilized with a debt coverage ratio of 1.1 to 1.0. According to the borrower, the project will reach this ratio upon completion of the units in 2020. More information on the request is available in the Commitment Letter found within the loan package.

Status of the Dey's Plaza Building:

Dey's Plaza is making interest-only payments on the building, which began in August 2017. A 12-month extension was recently granted by the SEDCO Board of Directors that will expire in October 2019.

In 2017, a third party appraisal on Dey's Plaza estimated the building's value 'as-is' set at \$10.45 million, and included knowledge of the impending departure of the BNY Mellon. The appraisal included the proposed development of 23 new residential units, with a projected market value of \$16.9 million upon completion, and \$17.75 million upon stabilization of the property. The table below provides more information and the proposed project schedule at the time:

Table with 4 columns: Appraisal Premise, Real Property Interest, Date Of Value, Value Conclusion. Rows include Market Value As-Is, Prospective Market Value Upon Completion, and Prospective Market Value Upon Stabilization.

Compiled by Cushman & Wakefield, Inc.

Proposed Redevelopment Project:

The proposed redevelopment project would create 23 market rate apartments, with leasing rates spanning from \$1,000 to \$1,950 based upon square footage. The residential market in Downtown Syracuse remains strong at nearly 99% occupancy, with recently-completed projects such as the Empire Building and State Tower Building experiencing strong occupancy within months of completion.

At this time Dey’s Plaza LLC is also applying to the Syracuse Industrial Development Agency (SIDA) for sales tax and mortgage recording abatements on the creation of the new residential units, and will be discussed at the upcoming December SIDA meeting later this month.

Sources & Uses:

Project Budget:

a. Cash Equity and Owner Investment (5.4%)	\$ 200,259
b. <u>Construction Financing (Pathfinder Bank)</u>	<u>\$ 3,503,741</u>
	\$ 3,704,000

Project Funding:

a. Site Work / Demolition	\$ 112,000
b. Construction & Renovation	\$ 3,388,000
c. Furniture & Fixtures	\$ 67,000
d. Engineering / Architect Fees	\$ 75,000
e. Financial Charges	\$ 27,000
f. <u>Legal Fees & Misc.</u>	<u>\$ 35,000</u>
	\$ 3,704,000

The request for SEDCO:

Per the approval letter, Pathfinder Bank and Dey’s Plaza LLC are requesting that SEDCO subordinate behind the \$10,937,205 to refinance the building, which includes Pathfinder’s first position on rents & leases and guarantees from the borrowers. SEDCO currently has an outstanding principal balance of \$4,790,185 through two mortgages that were executed in 2010. If approved, the new mortgage would recast SEDCO’s loan to commence in 2019 with a 30-year amortization, with a 13-year term and maturity through balloon payment in 2032. The interest would remain at 3.0%. These terms mirror the loan agreement SEDCO made with Dey’s Plaza made in 2010, with an existing balloon payment due in 2025. If approved by the SEDCO Board, the corporation would continue collecting interest-only payments for a minimum of 18 months from the closing.

Attachments:

1. Pathfinder Bank Loan Approval Letter
2. Pro Forma (Upon Stabilization)
3. Rent Roll for 3rd Floor Units
4. Personal Financial Statements
5. Tax Returns for Dey’s Plaza LLC
6. Appraisal of Dey’s Centennial Plaza from 2017



Board of Directors Meetings

2019 Schedule

Board of Directors Meeting

(Place of meeting to be determined)

January 10, 2019

February 7, 2019

March 7, 2019

April 4, 2019

May 9, 2019

June 6, 2019

July 11, 2019

August 8, 2019

September 5, 2019

October 3, 2019

November 7, 2019

December 5, 2019

Note: Agenda items and related documentation should be provided not later than **two (2) weeks** prior to each scheduled meeting date. Items should be sent to the attention of Eric Ennis by e-mail at EEnnis@syrgov.net or by mail at the address below:

Syracuse Economic Development Corporation
City Hall Commons
201 East Washington Street, 6th Floor
Syracuse, NY 13202

*** SEDCO Loan Committee Meetings will be scheduled on an as needed basis a week prior to a scheduled Board of Directors Meeting***

December 2018 Loan Portfolio Report

Revision Date: 12/11/18									
Account Number	Description	10/31/2018	New Issuances	Principal Payments	11/30/2018	Servicer3D Balance	Delinquency	Funding date	MATURITY DATE
1322-00000-000	INCUBATOR CENTER ASSOCIATES	60,000.00	0.00	0.00	60,000.00	0.00		2/13/2008	02/13/2024
1463-00000-000	WILLOW STREET LOFTS, LLC	364,000.02	0.00	0.00	364,000.02	364,000.02		6/28/2005	07/01/2027
1471-00000-000	RHS HOLDINGS LLC	29,348.11	0.00	297.47	29,050.64	29,050.64		8/31/2006	09/01/2026
1486-00000-000	JEFFERSON CLINTON COMMONS, (B)	560,721.27	0.00	954.89	559,766.38	559,766.38		12/9/2007	05/01/2035
1487-00000-000	JEFFERSON CLINTON COMMONS (A)	850,253.19	0.00	1,332.15	848,921.04	848,921.04		12/4/2007	10/01/2044
1489-00000-000	123 EAST WATER STREET LLC	18,334.94	0.00	121.13	18,213.81	18,213.81		4/30/2008	09/01/2029
1490-00000-000	JEFFERSON CLINTON COMMONS (C)	900,000.00	0.00	0.00	900,000.00	900,000.00		5/1/2008	09/01/2037
1493-00000-000	BALLE 31 INC.	114,800.43	0.00	596.58	114,203.85	114,203.85		2/2/2009	02/01/2031
1511-00000-000	PEOPLE'S COMMUNITY DEV CORP	2,997.02	0.00	0.00	2,997.02	2,997.02		3/2/2011	06/01/2021
1518-00000-000	NEW AFRICA OF SYRACUSE INC	26,222.36	0.00	444.44	25,777.92	25,777.92	222.22	9/14/2011	06/01/2028
1520-00000-000	NEW AFRICA OF SYRACUSE (II)	29,607.36	0.00	432.58	29,174.78	29,174.78	290.04	9/26/2012	06/01/2028
1522-00000-000	NEAR WESTSIDE INITIATIVE	68,427.97	0.00	519.51	67,908.46	67,908.46		4/9/2013	04/01/2028
1523-00000-000	BLUE DOT REALTY	766,704.00	0.00	0.00	766,704.00	0.00		2/21/2013	02/28/2033
1525-00000-000	STRATHMORE HUNTLEY GROUP	91,177.03	0.00	326.66	90,850.37	90,850.37		11/6/2014	05/01/2036
1526-00000-000	DOMINICK'S MARKET INC	14,858.24	0.00	143.76	14,714.48	14,714.48		1/13/2014	05/01/2026
1527-00000-000	COMER CATERING	24,446.05	0.00	0.00	24,446.05	24,446.05	2867.85	10/31/2014	05/01/2026
1530-00000-000	RJB PROPERTIES (CDBG MAIN ST)	40,000.00	0.00	0.00	40,000.00	40,000.00		1/14/2016	01/14/2021
1531-00000-000	SWALLOW'S RESTAURANT	8,000.00	0.00	0.00	8,000.00	8,000.00		7/30/2015	07/20/2020
1532-00000-001	JERK HUT MATCH LOAN	5,425.00	0.00	0.00	5,425.00	5,425.00		11/12/2015	02/01/2022
1532-00000-002	JERK HUT (CDBG MAIN ST)	45,296.39	0.00	0.00	45,296.39	45,296.39		12/8/2017	11/08/2022
1534-00000-000	NEAR WESTSIDE INIT UNIT 4	88,179.69	0.00	470.13	87,709.56	87,709.56		1/22/2016	09/01/2031
1535-00000-000	511-513 N STATE ST	10,000.00	0.00	0.00	10,000.00	10,000.00		2/4/2016	02/04/2021
1537-00000-000	CERIO I (CDBG MAIN ST)	22,960.00	0.00	0.00	22,960.00	22,960.00		5/19/2017	05/19/2022
1539-00000-000	CERIO II (CDBG MAIN ST)	8,000.00	0.00	0.00	8,000.00	8,000.00		5/19/2017	05/19/2022
1540-00000-002	B&B LOUNGE (CDBG MAIN ST)	42,900.00	0.00	0.00	42,900.00	42,900.00		1/12/2018	01/01/2023
1541-00000-001	PEPPINOS OFFICE (CDBG MAIN ST)	18,000.00	0.00	0.00	18,000.00	18,000.00		5/19/2017	05/19/2022
1542-00000-001	PEPPINOS STORE (CDBG MAIN ST)	50,000.00	0.00	0.00	50,000.00	50,000.00		11/1/2017	11/01/2022
1544-00000-000	PROVIDENCE SERVICES	10,733.52	0.00	242.70	10,490.82	10,490.82		3/9/2017	04/01/2022
1545-00000-001	500 SOUTH AVE MATCH LOAN	9,161.03	0.00	549.99	8,611.04	8,611.04		4/27/2017	11/01/2022
1545-00000-002	500 SOUTH AVE (CDBG MAIN ST)	37,500.00	0.00	0.00	37,500.00	37,500.00		1/19/2018	04/27/2022
1547-00000-000	FREEDOM OF ESPRESSO	57,065.86	0.00	0.00	57,065.86	57,065.86	3382.60	8/2/2017	09/01/2024
1548-00000-000	ACROPOLIS PROPERTY MGMT	39,793.21	0.00	798.95	38,994.26	38,994.26		8/2/2017	09/01/2022
1549-00000-000	SALON AMARE	41,078.46	0.00	756.20	40,322.26	40,322.26		12/31/2017	01/01/2023
1550-00000-000	499 SYRACUSE CITY CENTRE	87,516.22	0.00	1,578.08	85,938.14	85,938.14		1/31/2018	02/01/2023
1551-00000-000	WATER STREET BAGEL	100,000.00	0.00	0.00	100,000.00	100,000.00		7/16/2018	08/01/2028
1552-00000-001	CHANGE OF PACE (CDBG MAIN ST)	37,525.00	0.00	0.00	37,525.00	37,525.00		7/19/2018	06/19/2023
1553-00000-000	KNOWING TREE	124,105.49	0.00	896.75	123,208.74	123,208.74		8/23/2018	09/01/2028
1554-00000-000	CNY ARTS	100,000.00	0.00	0.00	100,000.00	100,000.00		9/12/2018	09/12/2019
1555-00000-000	TOPS MARKET	300,000.00	0.00	0.00	300,000.00	300,000.00		10/15/2018	11/01/2028
1556-00000-000	LA ROASTERIA	0.00	118,100.00	0.00	118,100.00	118,100.00		11/5/2018	12/01/2020
1557-00000-000	PEAKS COFFEE	0.00	55,000.00	0.00	55,000.00	55,000.00		11/5/2018	12/01/2023
	TOTAL	5,205,137.86	173,100.00	10,461.97	5,367,775.89	4,541,071.89	6,762.71		