



To: SEDCO Board of Directors
From: Eric Ennis
Date: February 5, 2019
Re: SEDCO Board of Directors Meeting Agenda – February 7, 2019

The City of Syracuse Economic Development Corporation (SEDCO) Board of Directors Meeting on **Thursday, February 7, 2019 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 – Honora Spillane

II. Roll Call –

III. Proof of Notice – 1

IV. Minutes – 2

Review and vote on the minutes from the December 13, 2018 Board meeting

V. New Business –

Community Café LLC – Eric Ennis – 3

Loan request for the buildout, equipment, and furnishing of a restaurant café space at 1555 South Salina Street.

Attachment:

1. *Memo to Board*

VI. Dey's Plaza LLC Update – Eric Ennis – 4

VII. Adjourn



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THE SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

BOARD OF DIRECTORS HAS SCHEDULED

A MEETING

FOR

THURSDAY FEBRUARY 7, 2019

AT

8:30 A.M

IN THE

ILAB
215 CITY HALL
233 East Washington St
Syracuse, NY 13202

FOR MORE INFORMATION PLEASE CALL 473-3275

Minutes
Syracuse Economic Development Corporation
Board of Directors Meeting
Thursday, December 13, 2018
City Hall iLab
Room 215
233 West Washington St
Syracuse NY 13202

Board Members Present: Honora Spillane, Steve Gross, Ben Bunting, Michael Quigley, Sheena Solomon, Richard Driscoll. David Mankiewicz, Katie Sojewicz, Hon. Michael Greene.

Board Members Excused, David Bottar, Nick Petragnani.

Staff Present: Eric Ennis, John Vavonese, Fred Marty, Esq., Debra Ramsey-Burns.

I. Call Meeting to Order

Ms. Spillane called the meeting to order at 8:33 a.m.

II. Roll Call

Ms. Spillane acknowledged that all Board Members were present except for David Bottar, Nick Petragnani 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 November 6, 2018 Board meeting.

Mr. Quigley made the motion. Mr. Driscoll seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MINUTES FROM THE NOVEMBER 6, 2018 BOARD MEETING.**

V. New Business

Dey's Plaza LLC

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

Ms. Spillane asked Mr. Ennis to provide the latest update to the Board about Dey's Plaza LLC.

Mr. Ennis said since the departure of Bank of NY Mellon in the building they have been working to stabilize the property financially. The owners have been unsuccessful in attracting a new commercial tenant to occupy the space.

Mr. Ennis said last month in November Dey's Plaza LLC secured a financial commitment from Pathfinder Bank that would consolidate debt and provide new capital to convert the vacant commercial space on the buildings third floor into 23 apartments. 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 letter 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. The borrower of the project will reach this ration upon completion of the units in 2020. Mr. Ennis said there is more information in the commitment letter in the loan package.

Dey's Plaza has been making interest payments only since August 2017. A 12-month extension was recently granted by SEDCO Board and will expire in October 2019.

Mr. Gross said he thinks we should agree to subordinate and that we are fortunate to be collecting the interest payments. It would be simpler for our payments to use the 1 to 1 DCR rate. He also stated that he was surprised the lender is allowing SEDCO include a balloon payment within their term., but agreed this is something SEDCO can agree to.

Mr. Driscoll said our goal should be to keep the building going and keep our payments coming we are all fortunate that Pathfinder has stepped up. He also stated that he would just want the 1 to 1 DCR defined more clearly.

Mr. Ennis said if the board approves we issue a proposal letter from SEDCO and specify our terms.

Ms. Spillane asked Mr. Marty if they could think of something to define.

Mr. Marty asked about the amortization terms. Mr. Ennis noted the terms are located on page 6, with a 30 year and 3.0% fixed interest rate. In addition SEDCO must agree to defer principle payments until the Project is stabilized and can support combined debt service coverage of 1.1 to 1.

Mr. Driscoll said just for the principle if you do quarterly statements.

Mr. Gross said I'm sure PathFinder Bank is going to have a new appraisal completed on the building.

Ms. Spillane asked for a motion approving the Subordination request from Dey's Plaza LLC for the refinance and renovation of 401 South Salina Street.

Mr. Gross made the motion. Mr. Driscoll seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE SUBORDINATION REQUEST FROM DEY'S PLAZA LLC FOR THE REFINANCE AND RENOVATION OF 401 SOUTH SALINA STREET.**

Mr. Mankiewicz said there is mention of another bank being involved with the deal.

Mr. Ennis said that's because CPC was going to do it but Pathfinder stepped in to do all of it.

Mr. Quigley said there will be a new commitment letter. Mr. Ennis said yes there will be.

Ms. Spillane said it's only Sales & Mortgage tax SIDA will be voting on Tuesday.

Ms. Solomon asked if and when they start construction will they be keeping the Board up to date.

Mr. Ennis stated we can include in the new commitment letter a requirement that regular updates be provided to us. He also said the borrower will have to submit plans and receive approval from the City Permit Desk which will also keep us informed.

2019 Meeting Schedule

Mr. Ennis presented the proposed 2019 meeting dates and stated he sought to eliminate any holiday meetings and to remain consistent on the first Thursday of the month and every four weeks. Electronic calendar invitations will be will sent to all board members.

Mr. Ennis noted the addition of a discussion item: a vote to approve our auditor for the 2018 financials. Mr. Ennis said the rate will not change. Mike Lisson will continue as our auditor.

Ms. Spillane said we have to have an Independent auditor based upon state requirements.

Ms. Spillane asked for a motion approving our auditor.

Mr. Mankiewicz made the motion. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED GROSSMAN ST. AMOUR AS INDEPENDENT AUDITOR.**

VII. Adjourn

Ms. Spillane noted there is no further business and asked for a motion to adjourn the meeting.

Mr. Quigley made the motion. Mr. Driscoll seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED TO ADJOURN THE MEETING AT 9:00 a.m.**



February 5, 2019

Memorandum To: SEDCO Board of Directors
From: Eric Ennis
Re: Community Café, LLC
SEDCO Loan Request - \$125,000.00

Background:

The Syracuse Model Neighborhood Corporation (SMNC) is developing a new restaurant café in a property owned by the organization at 1551-55 South Salina Street & Kennedy Street. The property was acquired in 1991, and is undergoing a complete renovation of the ground floor commercial space. The organization has created Community Café, LLC to serve as the applicant for SEDCO financing and is 100% owned by SMNC. Two adjoining properties have recently been combined to provide additional land and incorporate outdoor seating with additional parking for the project. The total square footage for the restaurant space will be 1,568 occupying a longtime-vacant storefront in the Salina Street business corridor.

Proposed Project:

The property at 1551-55 South Salina will be fully renovated to open a new restaurant café space and include new equipment, site work, construction of an outdoor patio space, and apartments on the upper two floors. To date, the residential apartments have been completed, and have been occupied since January 1. The income from these apartments will contribute toward the borrowing entity for the building operations. The restaurant space will be used by SMNC as a job training center, providing employment skills for neighborhood residents in restaurant management and the food service industry. The restaurant operator, Soul a la Carte Management (SALC), was selected through a request for proposals process that was completed in October 2018. The vendor is an enterprise owned by Camille Coakley, an active member in the Southside community. The business has been active for two years and has been catering with an experienced team operating a commercial kitchen. The project will include two chefs as well as a general manager to oversee operations. The project is SMNC's first social enterprise and designed to generate further economic activity in the Southside Neighborhood.

Loan Request:

Community Café, LLC is requesting \$125,000 in direct loan financing to provide the necessary capital for the purchase of equipment and complete the buildout of the commercial space. Various resources are being allocated to the project, including funding through the Syracuse Urban Renewal Agency (SURA), and grant funding through local companies and foundations. To date, SMNC has been awarded \$45,500 from the Allyn Family Foundation, and awaiting funding decisions from the CNY Community Foundation, National Grid, Lockheed Martin, among others for financial support.

Sources & Uses:

Project Budget:

Table with 2 columns: Item description and Amount. Rows include Construction / Buildout (\$229,500), Furniture Fixtures & Equipment (\$164,700), Point of Sale & technology (\$17,750), Pre-opening Cost of Goods Sold (\$8,090), Direct Expenses & Supplies (\$5,426), Pre-opening Labor Cost & Development (\$105,218), and a total of \$530,684.

Project Funding:

a. Cash Equity and Investments	\$ 162,989
b. SURA Funding (already disbursed)	\$ 42,695
c. Grant funding (with documented commitments)	\$ 45,500
d. Grant funding (applications pending)	\$ 154,500
e. <u>SEDCO Loan</u>	\$ 125,000
	\$ 530,684

Borrower:

SMNC is a not-for-profit corporation that owns and manages approximately 225 units within 99 properties across the city of Syracuse and has existed since 1972. The organization provides quality affordable housing with the majority of its real estate portfolio located in the Southside. Community Café LLC is a newly created entity, with 100% ownership by the Syracuse Model Neighborhood Corporation. SMNC finances show a total of \$3.64 million in assets, which is comprised of mostly real estate and programming functions related to tenant services through public funding, such as CDBG dollars.

The community café project is among the first commercial projects led by SMNC, in an effort to diversify its revenue sources. The operating pro forma for the building shows total income exceeding operating expenses for the property, and allowing the restaurant space to be sustainable and becoming an asset to the future of SMNC.

Upon review by the SEDCO Loan Committee meeting, staff requested additional information from SMNC to address concerns about the business projections and long term viability of the project. In response to this request, new projections were submitted using a third-party restaurant consultant based in Atlanta known as 'Blue Orbit' Restaurant Consulting. Additionally, SMNC has signed leases for both apartments and which have been occupied since January 1 to provide additional long term revenue for the project.

Restaurant Café Business Plan:

The restaurant café will serve comfort food, primarily focused on southern-style cuisine. Hours of operation will be 8:00 AM to 3:00 PM, Tuesday through Sunday. SMNC and SALC revised financial projections in collaboration to reflect the sustainability of the restaurant. The projections are included in the loan package. SALC will begin with \$60,000 in available cash on hand beyond the materials, inventory, and equipment needed to launch. These projections and profit & loss statement anticipate the business to reach positive monthly cash flow after four months that will continue through Year 1 and into 2020.

Recommendation:

Staff is requesting the Board of Directors review and consider this loan based upon the information presented. If approved, a loan commitment would include a series of contingencies that would limit any SEDCO funds from being disbursed until the necessary grant funding has been secured for the project and all necessary permits have been issued to move forward with construction. This will allow City staff to conduct the necessary review for all elements of the project to ensure its completion. Staff is recommending a fixed interest rate of 3.0% for this loan, with a term of 10 years (120 months). For collateral, SEDCO would plan to secure the loan through a mortgage placed on the building at 1555 South Salina Street, execute an assignment of rents and leases from the restaurant tenant, a corporate guarantee from SMNC, and place a UCC-1 filing on the equipment and furniture.

The project will facilitate the renovation of an underutilized mixed-use property, create a new restaurant on a business corridor in the Southside neighborhood, and serve as a job training center for community residents. The project will employ nine individuals to operate the restaurant space and seek to hire within the neighborhood. The project will also serve as a viable revenue tool and SMNC operations and directly contribute to the organization's financial sustainability.

December 2018 Loan Portfolio Report

Revision Date: 12/31/18									
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		