



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

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The City of Syracuse Economic Development Corporation (SEDCO) Board of Directors Meeting on **Thursday, March 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 – Honora Spillane – 1**

**IV. Minutes – Honora Spillane – 2**

Review and vote on the minutes from the February 7, 2019 Board meeting

**V. New Business –**

**Ambergate Holdings LLC – Eric Ennis – 3**

Loan request for acquisition of a former carriage house in the North Salina Historic District

Attachment:

1. *Memo to Board*

**Bullfinch Brewpub LLC – Eric Ennis – 4**

Loan request for gap financing to assist with a new start up brewery in the Inner Harbor.

Attachment:

1. *Memo to Board*

**2215-21 South Salina Street – Eric Ennis – 5**

Mortgage subordination request involving repairs to a mixed-use property on South Salina Street.

Attachment:

1. *Memo to Board*

**2019 Proposed Board Committees – Honora Spillane – 6**

**VII. Adjourn**



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THE SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

BOARD OF DIRECTORS HAS SCHEDULED

A MEETING

FOR

THURSDAY MARCH 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, February 7, 2019  
City Hall iLab, Room 215  
233 West Washington St  
Syracuse NY 13202

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**Board Members Present:** Honora Spillane, Ben Bunting, Michael Quigley, David Mankiewicz, Katie Sojewicz, Hon. Michael Greene, Nick Petragrani.

**Board Members Excuse,** David Bottar, Sheena Solomon, Richard Driscoll, Steve Gross.

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

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**I. Call Meeting to Order**

Ms. Spillane called the meeting to order at 8:31 AM.

**II. Roll Call**

Ms. Spillane acknowledged that all Board Members were present except for David Bottar, Sheena Solomon, Richard Driscoll, Steve Gross.

**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 December 13, 2018 Board meeting.

Mr. Quigley made the motion. Mr. Mankiewicz seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MINUTES FROM THE DECEMBER 13, 2018 BOARD MEETING.**

**V. New Business**

**Community Café LLC**

Mr. Ennis said this is a brand new business at 1551-55 South Salina Street located in a fully renovated space in order to open a new restaurant café. The applicant is a newly created entity, Community Café LLC to serve as the borrower from SEDCO and is 100% owned by the Syracuse Model Neighborhood Corporation (SMNC). To date, the residential apartments in the property above the café space have

been completed and occupied since January 1. The income from these apartments will contribute toward the borrowing entity for the building operations.

Mr. Ennis said 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 vendor, Soul a la Carte, is an enterprise owned by Camille Coakley, an active member in the Southside Community. The business has been operating for two years catering and with an experienced team in running a commercial kitchen. The financial projections anticipate generating \$1.3 million in sales in the first year, which includes a range of catering services, eat in dining for breakfast and lunch, and take out. 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 Syracuse Urban Renewal Agency (SURA), and a 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, among others for financial support.

Mr. Quigley said he thinks it's admirable they want to do something in that corridor, and asked whether SMNC is willing to guarantee the loan. Mr. Ennis said SEDCO would seek the corporate guarantee, in addition to moving into first position with a mortgage placed on the building.

Mr. Ennis said this had been reviewed by the loan committee over a period of several months. The applicant has been working to secure the necessary grant funds, and is planning to raise \$200,000. SMNC is a nonprofit, and is one of the largest single property ownership entities on the Southside.

Mr. Petragani asked if they had any equity they are investing into the project. Mr. Ennis noted that between \$100,00 and 150,000 in total. The applicant has already invested considerable resources into the upstairs apartments which are now leased.

Mr. Quigley said the City has been funding SMNC with block grant dollars for quite some time.

Ms. Spillane said they do get receive CDBG dollars and are required to apply each year to the Department of Neighborhood and Business Development just like everyone else.

Mr. Mankiewicz asked who the source was for the cash equity.

Mr. Ennis said it will be invested by SMNC, as the sole owner of the applicant entity.

Mr. Mankiewicz said it's good to have SEDCO in first position, and asked what if sales are only \$900,000 and revenue is lower than projected.

Mr. Ennis said the projections do show a fluctuation in sales based upon the time of year. He also said SMNC has taken out a line of credit which they will also use to support the project and help with the fluctuating times with slower sales.

Mr. Petragani asked if there was an appraisal done on the building.

Mr. Ennis stated an updated appraisal has not been completed at this time.

Mr. Mankiewicz asked Mr. Ennis if he knew what the tenant's recent catering revenue was.

Mr. Ennis said he believes this was approximately \$22,000 in 2017. He noted the café plans to hire nine employees when they open.

Mr. Ennis said this loan has involved months or back and forth with the applicant in order to compile the latest information on the project satisfy questions from the loan committee.

Mr. Petragrani said he feels this is the type of project SEDCO is designed to assist with. He questioned whether missed sales projections would still make the business sustainable, asking if they only generate \$200,000 in sales, then what would happen to the tenant. He also stated the revenue figure of \$1.3 million does not appear to be sustainable.

Mr. Petragrani asked if SMNC the equity available to go into the project in their accounts? Mr. Petragrani said there is investment needed here we are going to be in first position for the money.

Mr. Ennis stated SMNC does have cash on hand to invest in the project, and the tenant's leadership team is going into this understanding the upfront costs in order to open.

Ms. Spillane stated that Mr. Ennis has asked them for a lot of information and SEDCO has an opportunity to attach contingencies that would require them to raise the funds necessary before SEDCO invests in the project and proceed with a loan closing. She also said this information is the most accurate we have since beginning this process, and requested the board vote on whether to grant the loan as requested.

Mr. Mankiewicz said over many years he has witnessed people trying to open a restaurant, and the challenges involved make it one of the most difficult endeavors. He stated the projections for breakfast and lunch only do not appear realistic and asked if they only do a half-million in annual sales, would they be able to make it. He stated he would like to see a break even analysis that shows thought put into this.

Mr. Ennis said they have given him everything he has asked them for over the last several months, however he can go back to the applicant and request a break even analysis if the board needs this in order to make a decision.

Mr. Mankiewicz said he understands they are trying to get money through grants, and he does not want to put them through the ringer.

Mr. Ennis said SEDCO can offer a term sheet if the board is willing to provide it's likely terms and conditions in order to approve a loan at a later date.

Mr. Patragrani said he feels this is the kind of project SEDCO should support, and would be willing to provide a term sheet.

Ms. Spillane confirmed the board members were comfortable with this approach and stated we move forward with issuing a term sheet for now instead of a commitment letter. The terms will be drafted by SEDCO staff, and will include the requirement to see a break-even analysis as requested.

Ms. Spillane asked for a motion for a Loan request for the buildout, equipment, and furnishing of a restaurant café space at 1551-55 south Salina Street.

Mr. Greene made the motion. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE ISSUANCE OF A TERM SHEET FOR THE BUILDOUT, EQUIPMENT, AND FURNISHING OF A RESTAURANT CAFÉ SPACE AT 1555 SOUTH SALINA STREET.**

**VI. Dey's Plaza LLC Update**

Mr. Ennis said he has drafted a proposal letter that agrees to the subordination behind Pathfinder Bank with our terms. Pathfinder and the borrower and seeking to hold a closing at some point later this month. Renovation to the former BNY Mellon space will take place soon after that.

**VII. Adjourn**

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

Mr. Petragnani made the motion. Mr. Mankiewicz seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED TO ADJOURN THE MEETING 9:09 AM.**



March 5, 2019

Memorandum To: SEDCO Board of Directors
From: Eric Ennis
Re: Ambergate Holdings, LLC
SEDCO Loan Request - \$80,000.00

Background:

Ambergate Holdings LLC is seeking to purchase a property located at 102 Lock Alley, immediately adjacent to a mixed-use development already underway on the North Salina Street business corridor. The building is a former carriage house and has been used for storage for many years. It is currently owned by DavCo Performance Automotive, an auto repair business located at 102 Catawba Street. The owner of DavCo is retiring and selling the business to a longtime employee. As part of the business sale, the owner is divesting of the 102 Lock Alley property.

In April 2018, Ambergate Holdings LLC was awarded grant funding from the City of Syracuse to renovate an adjacent building located at 701-03 North Salina Street through the Restore New York initiative with funds provided by Empire State Development. Jamie Stevens, the owner, has started renovations at 701-03 and the project is on schedule to be completed in 2019. Upon learning the carriage house property was available for sale, Mr. Stevens has been developing a plan to acquire and renovate the building. He has a signed purchase offer with the current building owner with a price of \$50,000. A recently-completed appraisal values the property at \$55,000 in its existing condition.

Proposed Project:

The project will be completed in two phases. Phase one will involve the acquisition of the property at 102 Lock Alley, which is a two-story structure with 2,244 square feet. The property will also undergo stabilization to address immediate structural needs, including masonry repairs and brick repointing. The property will continue to be used for storage temporarily and leased out in the short term to generate revenue.

Under phase two, the carriage house will be converted into a single residential loft apartment. As part of the redevelopment, Mr. Stevens is exploring grant funding from National Grid, as well as the ability to use historic tax credits. The entire renovation is estimated to cost approximately \$260,000. The applicant has developed a pro forma to estimate revenue and expenses under each phase of the project.

Before phase two can begin, a lender will need to be secured, as well as a final budget. Solvay Bank has been directly involved in the financing for 701-03 North Salina and would be considered as a possible lender for the carriage house.

Loan Request:

Ambergate Holdings, LLC is requesting \$80,000 from SEDCO to directly assist with phase I of the project: acquisition of the property and stabilization repairs to improve the condition of the exterior. Mr. Stevens is contributing \$10,000 of his own equity into the purchase, and SEDCO funds would be used to complete phase one by the end of 2019.

Sources & Uses:

Project Budget (Phase I):

Table with 2 columns: Item, Amount. Row 1: a. Acquisition of 102 Lock Alley, \$ 50,000. Row 2: b. Masonry Repairs, \$ 40,000. Row 3: Total, \$ 90,000.

Project Sources (Phase I):

a. Cash Equity (11%)	\$ 10,000
b. <u>SEDCO Direct Loan</u>	<u>\$ 80,000</u>
	\$ 90,000

**Collateral:**

SEDCO would be in first position on the mortgage for 102 Lock Alley and would receive a personal guaranty from the borrower through phase one. Upon reaching phase two, SEDCO would seek to have its remaining debt rolled into a construction loan and be paid out, discharge the SEDCO lien, and allow another lender to finance the redevelopment and take a first position mortgage on the carriage house.

**Recommendation:**

Staff is recommending that the Board approve this requested loan amount as presented. SEDCO could structure the interest rate at 3.0% for this loan, with a term of five years and amortize over a 20 year period. As an incentive to proceed with phase two under this scenario, a balloon payment would be required 60 months from the date of closing. This would create a manageable repayment schedule for the borrower while the redevelopment plans for phase two are completed.

While redevelopment plans are still not complete, the owner of DavCo is seeking to close on the sale of 102 Lock Alley this spring. Per the terms of the purchase offer, Ambergate Holdings LLC must secure financing by April 1, 2019. This creates a limited window to develop a full project proposal and secure traditional financing. Therefore SEDCO is an available tool to facilitate the long term redevelopment.

This project will facilitate the renovation of an underutilized property in the heart of the North Salina Street Historic District, and complement another adaptive reuse redevelopment project already underway. The project is located on the same block of the fire that destroyed four buildings in August 2018. The project will also directly assist with the change of ownership for a longstanding business on the city's Northside, keeping DavCo Automotive operational after the owner retires. The investment from SEDCO will directly contribute to revitalizing this block and continuing the upward trajectory of the business corridor.



March 5, 2019

Memorandum To: SEDCO Board of Directors  
From: Eric Ennis  
Re: Bullfinch Brewpub, LLC  
SEDCO Direct Loan Request - \$105,000.00

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**Background:**

Bullfinch Brewpub, LLC is a new business venture seeking to open a 10-barrel brewpub for on-site consumption and has signed a lease to occupy the newly built Iron Pier Apartments developed by COR in the Syracuse Inner Harbor. The applicant is an experienced brew master with local ties to Central New York and is looking to relocate back from Buffalo after working for two existing comparable brewpubs in Western New York. For several months, the applicant has been working with two potential lenders to secure a loan of \$500,000 to finance the project. Both lenders are reviewing the project and approvals have not been made from either institution. The applicant is also seeking a subordinate lender to fill the remaining financing gap for the project in order to proceed.

**Proposed Project:**

The project will involve the buildout, furnishing, and preparation of approximately 3,800 square feet on the ground floor of the Iron Pier development. The apartments are now occupied with 112 units with approximately 80% currently leased. A second identical apartment building is planned with an additional 112 units, and townhouses to be built immediately across Van Rensselaer Street. In total, approximately 350 apartment units will anchor the project in the coming years.

**Loan Request:**

Bullfinch Brewpub, LLC is requesting \$105,000 from SEDCO to assist with the purchase of the equipment and furnishings for the brewpub space. As noted in the sources & uses, staff is recommending consideration of a reduced loan amount of \$68,000, which reflects the existing gap needed to complete the project.

**Sources & Uses:**

Project Budget:

a. Building construction and renovation	\$ 150,000
b. Furniture and Fixtures	\$ 20,000
c. Equipment	\$ 251,000
d. Engineering / Architect Fees	\$ 15,000
e. Permit / Plan Review Fees	\$ 10,000
f. Legal, Management, and Service Fees	\$ 12,000
g. <u>Installation, materials, and startup costs</u>	<u>\$ 200,000</u>
	\$ 658,000

Project Sources:

a. Cash Equity (14%)	\$ 90,000
b. Traditional Bank Loan	\$ 500,000
c. <u>SED CO Loan (Remaining Financing Gap)</u>	<u>\$ 68,000</u>
	\$ 658,000

**Collateral:**

SEDCO would have the ability to hold a UCC-1 filing on the equipment and furniture used within the brewpub, however approval from a private lender will likely require SEDCO to subordinate.

**Recommendation:**

Staff is recommending that the Board approve the issuance of a term sheet that outlines the following terms: a loan of \$68,000 that is designed to fill the existing proposed gap for the project, with a rate of 5% interest for a period of 10 years (120 months), with an additional 6 month interest-only period while construction of the brewpub takes place. This would not be a loan commitment, but rather provide information the applicant can use to work with the other lenders that are currently considering the other financing needed for the project. A contingency within SEDCO's term sheet would require the borrower to secure \$500,000 from other financing sources in order to receive loan approval.

The project will facilitate the creation of a new business and complement one of the first new developments in the Inner Harbor neighborhood. The project will also employ a minimum of 10 people upon opening.



March 5, 2019

Memorandum To: SEDCO Board of Directors  
From: Eric Ennis  
Re: 2215-21 South Salina Street  
SEDCO Subordination Request

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**Background:**

In 2010, SEDCO provided a loan to a borrower named Theardis Martino, the owner of a property at 2215-21 South Salina Street. A loan of \$36,000 was provided by SEDCO to make repairs to the building, as part of a Main Street Program on the South Salina Street corridor. The property has six residential units and two commercial storefronts. In 2013, the borrower stopped making regular payments toward his SEDCO loan, and efforts to communicate with the borrower for several years were unsuccessful. In 2016, the SEDCO Board approved writing off the loan and the outstanding balance was removed from the SEDCO portfolio.

The property has deteriorated over time and there are significant repairs needed on the roof. The roof has caused leaks in three of the residential units, inhibiting Mr. Martino's ability to rent those apartments. In an effort to assist Mr. Martino and make the building repairs, Cooperative FCU has offered to refinance his existing debt while issuing an additional \$10,000 in new financing to use for the roof repairs. The proposal would combine his existing debt from three real estate properties and create a new single loan for \$127,000.

**Request:**

SEDCO has received a request to subordinate its first lien position on the property behind Cooperative Federal Credit Union to complete the refinance they are proposing. In conversations with Mr. Martino, he has confirmed he is willing to make monthly repayments on his loan if SEDCO were willing to grant the request. If the SEDCO Board is willing to proceed, staff will work with Cooperative FCU and the borrower to recast the loan with the original agreement terms from 2010: 0% interest for a period of 10 years (120 months). This rate is consistent with past lending for Main Street program match loans, in which SEDCO does not charge interest to complete these projects.



## Proposed Board Committees

### Audit Committee

Richard Driscoll  
David Manciewicz  
David Bottar

### Finance Committee

Benjamin Bunting  
Hon. Michael Greene  
Sheena Solomon

### Governance Committee

Richard Driscoll  
Nick Petragnani  
Katie Sojewicz

### Loan Committee

Steve Gross  
Michael Quigley  
Michael Rosanio

