



To: SEDCO Board of Directors
From: Eric Ennis
Date: August 6, 2019
Re: SEDCO Board of Directors Meeting Agenda – August 8, 2019

The City of Syracuse Economic Development Corporation (SEDCO) Board of Directors Meeting on **Thursday, August 8, 2019 at 8:30 AM** in the Innovation Lab 'iLab' Conference Room 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 June 6, 2019 Board meeting

V. New Business –

Cueva Contract, LLC – 3

Review and discussion of a bridge loan request for the renovation project awarded Empire State Development funds in the Near Eastside Neighborhood.

Attachment:

1. *Memo to Board of Directors*

Dick's Collision Service, Inc. – 4

Review and discussion of a direct loan request for repairs to an auto repair garage on North Salina Street.

Attachment:

2. *Memo to Board of Directors*

Loan Portfolio Report – 5

VII. Adjourn



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THE SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

BOARD OF DIRECTORS HAS SCHEDULED

A MEETING

FOR

THURSDAY AUGUST 8, 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 June 6, 2019
City Hall
Innovation Lab, Room 215
233 E. West Washington St
Syracuse NY 13202

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

Board Members Absent: David Bottar, Nick Petragnani, David Bottar, Honora Spillane, David Mankiewicz

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

I. Call Meeting to Order

Mr. Driscoll called the meeting to order at 8:37 AM.

II. Roll Call

Mr. Driscoll acknowledged that all Board Members were present except for David Bottar, Nicholas Petragnani, and David Mankiewicz who were absent and excused.

III. Proof of Notice

Mr. Driscoll made note acknowledging proof of notice was out in a timely manner.

IV. Minutes

Mr. Quigley requested that an amendment be made to the minutes to better reflect one of his statements during the meeting. Mr. Driscoll asked for a motion approving the minutes from the April 4, 2019 Board meeting. Mr. Quigley made the motion. Mr. Gross seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MINUTES FROM THE APRIL 4, 2019 BOARD MEETING.**

V. New Business

Cueva Contract, LLC

Mr. Ennis provided a summary of the project and the loan request from Ms. Laura Cueva, the President and CEO of Cueva Contract LLC dba Interior Innovations, and plans to renovate 1641 East Genesee Street, known as the Richmark Carpet Building. He stated the applicant was provided financing through the Grow Syracuse Fund for the acquisition and interior buildout of the property. The applicant is now coming to SEDCO to request bridge loan financing for grant funding from Empire State Development in the amount of 97,000.

Mr. Ennis stated the loan request was reviewed by the loan committee, who requested additional information from the borrower about their financial capacity to complete the project. This includes a revised personal financial statement, 2018 tax returns and a timeline for the project. Instead of a loan decision, Mr. Ennis asked the board for a vote to issue a term sheet for on the loan request.

Mr. Gross stated this clarification would be helpful to understand how the project will be completed and where the financial resources will come from in order to complete the work.

Mr. Driscoll asked if financial projections were included for her business.

Mr. Ennis stated he would go back and work directly with the applicant to gather additional information. The financial projections for the business were completed during her time in the SBA Emerging Leaders course.

Mr. Quigley asked if an underwriting summary from the National Development Council could be provided to explain their reasoning for the project.

Mr. Ennis stated he consulted with NDC and their policy is to not share the underwriting summary for the project.

Mr. Greene asked about the size and overall use of the showroom, and if this would include a retain component.

Mr. Ennis stated the showroom is design to showcase inventory, however typical retail transactions will not occur on-site on a daily basis like a residential furniture showroom.

Mr. Gross inquired about the use of the Grow Syracuse Fund and what factors were used to underwrite the loan for the SBA 7A loan.

Mr. Ennis stated all Grow Syracuse Funds loan requests undergo thorough analysis and the collateral on the loan was significant based upon Ms. Cueva's decision to sell the property.

Ms. Solomon asked about the timeline and whether delaying on a loan decision will have any impact on her project, noting this is only a bridge loan and the grant has already been awarded.

Mr. Ennis stated that SEDCO would issue a term sheet that requests additional information including taxes, a personal financial statement, and operating financials in order for the board to formally vote to approve the loan request.

Ms. Solomon made a motion to approve issuance of a term sheet. Mr. Greene seconded the motion. **ALL BOARD MEMBERS PRESENT VOTED TO APPROVE THE ISSUANCE OF A TERM SHEET TO CUEVA CONTRACT LLC.**

Dissolution of Dey's Building Entities

Mr. Ennis opened the discussion by presenting the history of the Dey's Building as outlined in the memorandum. He stated the board is being asked to vote to dissolve two entities that are no longer necessary in the ownership structure of the building, and with whom Dey's Plaza LLC currently has two loans with for the repayment to SEDCO. SEDCO would continue to service these loans and the amount is still expected to be repaid in full.

Mr. Ennis stated this effort is designed to help clean up SEDCO's records on the building and how the loan repayment is collected. The dissolution of the two entities would allow SEDCO to directly hold the mortgages on the building and be the recipient of the monthly loan payments. He also stated that Mr. Lisson and Mr. Marty have been directly involved with this restructuring and the dissolution of these entities.

Mr. Ennis stated the board is being asked for a motion to approve the removal of the existing board members of Dey's Centennial Plaza, Inc., all of whom were former staff of the City of Syracuse Economic Development Office, and to appoint the following new officers and directors: Richard Driscoll, Nicholas Petragnani, and Sheena Solomon. These officers will sign a resolution that will execute the dissolution of the entity.

Mr. Ennis noted that SEDCO is also seeking to dissolve Dey's Centennial Plaza Limited Partnership, with consent from a majority interest holder with approximately 63% interest. This individual has been communicated with about offering their consent on the dissolution of the entity. A consent agreement has been sent to Mr. Bill Lowenstein, on behalf of the Community Initiative Development Corporation (CIDC).

Mr. Driscoll called for a motion to approve the replacement of the existing officers of Dey's Centennial Plaza Inc. and appointment of new officers. Mr. Quigley made the motion. Mr. Driscoll seconded the motion. **ALL BOARD MEMBERS PRESENT VOTED TO APPROVE THE REPLACEMENT AND APPOINTMENT OF NEW BOARD MEMBERS TO DEY'S CENTENNIAL PLAZA INC.**

Mr. Driscoll then asked for a motion from the newly appointed officers of Dey's Centennial Plaza Inc. to dissolve the corporation and assign the note and mortgage to the Syracuse Economic Development Corporation. Ms. Solomon and Mr. Driscoll voted to approve, with written vote to approve from Mr. Petragnani. **ALL OFFICERS OF DEY'S CENTENNIAL PLAZA INC. VOTED TO APPROVE THE DISSOLUTION OF THE ENTITY AND ASSIGN THE MORTGAGE AND NOTE TO SEDCO.**

Mr. Driscoll then asked for a motion to approve the dissolution of Dey's Centennial Plaza Limited Partnership as the general partner, pending an executed consent agreement from the majority interest holder in the limited partnership. Ms. Sojewicz made the motion. Ms. Solomon seconded the motion. **ALL BOARD MEMBERS PRESENT VOTED TO APPROVE THE DISSOLUTION OF DEY'S CENTENNIAL PLAZA LIMITED PARTNERSHIP.**

Mr. Ennis concluded the meeting by presenting the loan portfolio report. He stated that Freedom of Espresso continues to remain delinquent and that a confession of judgement has been issued to the borrower. Mr. Ennis also stated that Comer Catering is now current on their SEDCO loan after recent payments.

Adjourn

Mr. Driscoll asked for a motion of adjourn the meeting. Ms. Solomon made the motion. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS VOTED TO ADJOURN THE MEETING AT 9:15 AM.**



August 6, 2019

Memorandum To: SEDCO Board of Directors
From: Eric Ennis
Re: Cueva Contract, LLC
SEDCO Bridge Loan – Façade Renovation of 1641 East Genesee Street

Background:

Laura Cueva is the owner and founder of Interior Innovations, a registered WBE interior design firm that recently relocated its headquarters to Syracuse from New Hartford, NY outside of Utica. Cueva Contract, LLC (d.b.a. Interior Innovations) was the initial project to receive SBA 7A financing through the Grow Syracuse Fund, in partnership with the National Development Council (NDC). The company specializes in contract furniture for corporate, educational, government, healthcare, and hospitality buildings. In October 2018, the applicant took ownership of 1641 East Genesee Street, a historic building designed by renowned local architect Ward Wellington Ward that was once used as an automobile showroom, and more recently has been the home of Richmark Carpet. Richmark remains a tenant of the building with scaled back floor plan. The SBA loan through the Grow Syracuse Fund was used to acquire the building.

In December 2018, Cueva Contract LLC was awarded funding from Empire State Development and the CNY Regional Economic Development Council to assist with the renovation of the building. As with all REDC awards, the funding cannot be disbursed until after the project is deemed complete. The applicant is requesting SEDCO provide a bridge loan for the grant funding until the planned renovations can be completed by 2021. The building has additional office and warehouse space available for lease, including a loading dock. As of August 2019, the business has moved into its office space and includes a temporary showroom. Over \$200,000 has been invested in renovations, asbestos abatement, new alarm systems, and demolition of the second floor to further office space for lease and future growth for Interior Innovations.

Proposed Project: *Façade Renovation Phase*

Cueva Contract, LLC is requesting bridge loan financing from SEDCO to provide up front capital to directly assist with the façade renovations which is a critical next phase in the project. This includes new windows and doors, masonry repairs on the façade, and upgrades to the freight elevator. Façade improvement figures have been estimated by the general contractor, RF Esposito, and the project architect involved with the renovation.

SEDCO would receive the loan repayment once the project has been completed and the grant has been disbursed from Empire State Development within a time frame of two (2) years.

Sources & Uses:

Project Budget (*not including building acquisition*):

a. Façade Renovation	\$ 135,200
b. Skylight Repair	\$ 15,000
	\$ 150,200

Project Funding:

a. Empire State Development REDC Award:	\$ 97,000
b. <u>SEDCO Grow America Fund:</u>	\$ 53,200
	\$ 150,200

Borrower:

The applicant started Interior Innovations seven years ago and has built the company into a leading design firm spanning across Upstate New York. Laura Cueva was named 'Entrepreneur of the Year' by CenterState CEO, and Cueva Contract LLC was named 'Minority/Women Owned Business of the Year' in 2017.

The business operates based upon inventory cycles. Since public sector clients like DASNY often take several months to reimburse for projects after their competition. Laura anticipates exceeding \$750,000 in total sales by the end of 2019.

Since receiving the REDC award, Interior Innovations has hired two full time staff, and will be hiring an additional two members before the end of 2019.

Recommendation:

Staff is recommending that the Board of Directors approve the request for bridge loan financing to facilitate the renovation of 1641 East Genesee Street. The historic building is a prominent anchor on Syracuse's eastside, and would continue the forward momentum taking place along the East Genesee Street business corridor. The loan will also assist a WBE firm that has recently relocated its headquarters to the city of Syracuse.

The proposed loan terms are the following: \$97,000 at 3% interest for a period of 24 months, with interest-only payments until maturity of the loan or disbursement of the grant, whichever is sooner. SEDCO would collateralize the loan through a personal guaranty and security interest in the Empire State Development grant award.



August 6, 2019

Memorandum To: SEDCO Board of Directors
From: Eric Ennis
Re: Dick's Collision Service, Inc.
SEDCO Loan Request - \$60,000

Background:

Dick's Collision has been located on North Salina Street for more than 48 years. In August 2018, the business experienced a fire that destroyed portions of the automotive repair garage and the office areas. Since that time, Dick Dulasky has been working to rebuild and using his own equity to complete the work thus far. The garage reopened in late 2018 after portions of the fire damage were addressed, however the business is still not operating at full capacity. The applicant has come to SEDCO requesting the financing required to finish renovations and the final phase of improvements planned for the repair garage.

Proposed Project:

The property at 931 North Salina Street has undergone renovations since the fire occurred exactly a year ago. In that time, the auto repair area has been cleaned up and improved, new flooring has been constructed, and the utility system in the building has been upgraded by National Grid. Dick and the business have started buildout of the lobby and office area, seek to reopen sections of the garage still being used as storage after the fire, and plan to replace the existing signage on top of the building. They are requesting \$60,000 in direct financing to complete the project. Renovations have been led by Dick with contributions from specialty contractors.

Loan Request:

Dick's Collision Service, Inc. is requesting \$60,000 in direct loan financing to provide the necessary capital for the renovation of the auto repair garage at 931 North Salina Street. The building contains 7,360 square feet, and this final phase of the renovation will complete the office, lobby area, provide new signage, and reopen the garage to full service capacity.

Sources & Uses:

Project Budget:

a. Repairs made since August 2018 fire	\$ 83,651
b. National Grid utility work	\$ 13,394
c. Office and Interior Buildout	\$ 40,000
d. Hot water tank and system	\$ 10,000
e. New Signage	\$ 5,000
f. Furniture & Fixtures	\$ 5,000
	\$ 157,045

Project Funding:

a. Cash Equity and Owner Investments (<i>as of 8.2019</i>)	\$ 83,651
b. <u>SEDCO Bridge Loan</u>	\$ 60,000
	\$ 157,045

Borrower:

Steven (Dick) Dulasky is the sole owner of Dick's Collision. His son is also directly involved with the business, and is prepared to take over once Dick retires. The business has seen a significant loss in sales since the fire, with reported sales diminishing as shown in the 2018 tax returns through July 2019.

Dick Dulasky owns eight rental properties within the immediate vicinity of 931 North Salina Street. Two of these properties were damaged by the fire, which are also being repaired with owner equity. None of these properties have an existing mortgage.

Recommendation:

Staff is recommending that the Board of Directors approve this requested loan amount as presented.

Staff is also recommending an interest rate of 3.0% for this loan, with a term of 5 years (60 months). The loan would be collateralized through a personal guarantee from the borrower, a second personal guarantee from his son as the eventual heir to the business, a corporate guarantee from Dick's Collision Service, Inc., and an assignment of rents and leases on one or more income producing properties.

The project will facilitate in the revitalization of a commercial property on the North Salina Street Business Corridor that has existed since 1971, retain four jobs and provide financial stability for the business as it seeks to complete the renovations and move back toward profitability.

August 2019 Loan Portfolio Report

DESCRIPTION	OUTSTANDING BALANCE	DELINQUENCY	ORIGINATION DATE	MATURITY DATE
DIRECT LOANS				
WILLOW STREET LOFTS, LLC	358,999.98		6/28/2005	07/01/2027
RHS HOLDINGS LLC	26,661.92		8/31/2006	09/01/2026
JEFFERSON CLINTON COMMONS, (B)	552,093.81		12/9/2007	05/01/2035
JEFFERSON CLINTON COMMONS (A)	838,062.08		12/4/2007	10/01/2044
123 EAST WATER STREET LLC	17,229.17		4/30/2008	09/01/2029
JEFFERSON CLINTON COMMONS (C)	890,000.00		5/1/2008	09/01/2037
BALLE 31 INC.	110,579.76		2/2/2009	02/01/2031
MARTINO - 2215-2211 S SALINA	32,739.37		6/1/2019	05/01/2029
PEOPLE'S COMMUNITY DEV CORP	2,997.02		3/2/2011	06/01/2021
NEW AFRICA OF SYRACUSE INC	24,444.60	888.88	9/14/2011	06/01/2028
NEW AFRICA OF SYRACUSE (II)	28,083.82		9/26/2012	06/01/2028
NEAR WESTSIDE INITIATIVE	63,705.35		4/9/2013	04/01/2028
STRATHMORE HUNTLEY GROUP	88,207.54		11/6/2014	05/01/2036
DOMINICK'S MARKET INC	13,698.02	361.82	1/13/2014	05/01/2026
COMER CATERING	20,092.17		10/31/2014	05/01/2026
JERK HUT MATCH LOAN	5,425.00		11/12/2015	02/01/2022
NEAR WESTSIDE INIT UNIT 4	83,905.93		1/22/2016	09/01/2031
PROVIDENCE SERVICES	8,527.28		3/9/2017	04/01/2022
500 SOUTH AVE MATCH LOAN	7,511.06	366.66	4/27/2017	11/01/2022
FREEDOM OF ESPRESSO	54,951.63	7,610.85	8/2/2017	09/01/2024
ACROPOLIS PROPERTY MGMT	32,530.36		8/2/2017	09/01/2022
SALON AMARE	34,204.18		12/31/2017	01/01/2023
499 SYRACUSE CITY CENTRE	73,170.66		1/31/2018	02/01/2023
WATER STREET BAGEL	96,404.02		7/16/2018	01/01/2029
KNOWING TREE	115,866.73		8/23/2018	09/01/2028
CNY ARTS	100,000.00		9/12/2018	09/12/2019
TOPS MARKET	282,674.41		10/15/2018	11/01/2028
LA ROASTERIA	118,100.00		11/5/2018	12/01/2020
PEAKS COFFEE	49,267.48		11/5/2018	12/01/2023
HOLIDAY OF NORTH SALINA	98,100.00		1/25/2019	02/01/2021
1015 HIAWATHA BLVD	122,309.75		3/28/2019	04/01/2029
AMBERGATE HOLDINGS	79,756.32		7/1/2019	06/01/2021
TOTAL	4,430,299.42	9,228.21		
DEFERRED LOANS				
RJB PROPERTIES (CDBG MAIN ST)	40,000.00		1/14/2016	01/14/2021
SWALLOW'S RESTAURANT	8,000.00		7/30/2015	07/20/2020
JERK HUT (CDBG MAIN ST)	45,296.39		12/8/2017	11/08/2022
511-513 N STATE ST	10,000.00		2/4/2016	02/04/2021
CERIO I (CDBG MAIN ST)	22,960.00		5/19/2017	05/19/2022
CERIO II (CDBG MAIN ST)	8,000.00		5/19/2017	05/19/2022
500 SOUTH AVE (CDBG MAIN ST)	37,500.00		1/19/2018	04/27/2022
B&B LOUNGE (CDBG MAIN ST)	42,900.00		1/12/2018	01/01/2023
PEPPINOS OFFICE (CDBG MAIN ST)	18,000.00		5/19/2017	05/19/2022
PEPPINOS STORE (CDBG MAIN ST)	50,000.00		11/1/2017	11/01/2022
CHANGE OF PACE (CDBG MAIN ST)	37,525.00		7/19/2018	06/19/2023
TOTAL	320,181.39			
GUARANTEED LOANS				
BLUE DOT REALTY	715,590.00		2/21/2013	02/28/2033
INCUBATOR CENTER ASSOCIATES	50,000.00		2/13/2008	02/13/2024
TOTAL	765,590.00			
TOTAL LOAN PORTFOLIO	4,750,480.81	9,228.21		