



To: SEDCO Board of Directors
From: Eric Ennis
Date: November 6, 2018
Re: SEDCO Board of Directors Meeting Agenda – November 8, 2018

The City of Syracuse Economic Development Corporation (SEDCO) Board of Directors Meeting on **Thursday, November 8, 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 October 4, 2018 Board meeting

V. New Business –

Holiday of North Salina, LLC – Eric Ennis – 3

Bridge loan request for the renovation of a historic mixed-use property Restore NY project on the Northside.

Attachment:

1. *Memo to Board*

2019 Director's and Officer's Insurance Coverage– Eric Ennis – 4

Review and vote to renew coverage of the SEDCO Board through Philadelphia Insurance Companies.

Attachment:

1. *2019 Insurance Quote from Haylor, Freyer and Coon, Inc.*

VII. Adjourn



PLEASE POST PLEASE POST PLEASE POST

THE SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

BOARD OF DIRECTORS

MEETING SCHEDULED

FOR

THURSDAY NOVEMBER 1, 2018

HAS BEEN

RESCHEDULED

FOR

THURSDAY NOVEMBER 8, 2018

AT

8:30 AM

IN THE

**ILAB
215 City Hall
233 E. Washington Street
Syracuse, NY 13202**

FOR MORE INFORMATION PLEASE CALL 473-3275



Minutes
Syracuse Economic Development Corporation
Board of Directors Meeting
Thursday October 4, 2018
City Hall Commons Atrium
201 East Washington St
Syracuse NY 13202

I. Call Meeting to Order

Mr. Petragrani called the meeting to order at 8:32 a.m.

II. Roll Call

Mr. Petragrani acknowledged that all Board Members were present except for Honora Spillane and Richard Driscoll who were excused.

III. Proof of Notice

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

IV. Minutes

Mr. Petragrani asked for a motion approving the minutes from the September 6, 2018 Board meeting.

Mr. Quigley said he has one correction on page 5 second paragraph it should say "if they don't buy coffee there's no room for error".

Mr. Bottar said after the change he will make the motion. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MINUTES FROM THE SEPTEMBER 6, 2018 BOARD MEETING.**

V. New Business

Grow Syracuse Fund Status Update

Mr. Ennis reported that the first loan through the Grow Syracuse Fund is being completed. Interior Innovations is an interior design firm that is relocating from Utica and purchasing a property at 1641 East Genesee Street, known as the Richmark Carpet Building. The loan amount is for \$660,000 to acquire and renovate the building. NDC has approved the project and performed the necessary underwriting for the loan.

Mr. Ennis noted this is directly related to SEDCO's decision to invest \$250,000 in 2017 to create the SBA guaranteed program and allow small business lending up to four times the investment amount.

Mr. Ennis said the closing on the Interior Innovations loan will in take place later this month. The owner of Interior Innovations, Laura Cueva, is now working on submitting for the necessary permits for the project. The borrower is a women-owned enterprise (WBE). Several of her clients include DASNY funded projects such as SUNY college facilities.

Mr. Ennis said the City has been working with Ms. Cueva for over a year to reach this stage of the project. Since making the original investment, staff and NDC have been working to get this program started and feel confident this first project will be a success for SEDCO and the City of Syracuse.

Mr. Ennis concluded by saying he would continue to keep the board apprised on another activities or prospective loans that move forward with the Grow Syracuse Fund program.

2019 Organization Budget

Mr. Ennis and Mr. Vavonese presented the projected expenses and revenues for the next fiscal year.

Mr. Ennis said SEDCO is showing a significant gain in 2018 because we had removed the \$4.8 million payable to SIDA. Additionally, \$3.8 million is included in the revenue due to eliminating the UDAG liability and payable that was approved this year by the Common Council.

Mr. Gross asked given the economics of Dey's, should this should be listed as a reserve, which could be used to offset a significant portion of revenue from the payables SEDCO removed to the City and SIDA.

Mr. Ennis stated none of us know what is going to happen with the redevelopment and possible refinance of the Dey's building, however noted it may not be appropriate to list that loan under reserve.

Mr. Ennis said when this budget gets reported SEDCO is required to provide an explanation to the Authorities Budget Office, and a summary of the significant revenue will be provided.

Mr. Bottar said it's hard to look at this without a balance sheet.

Mr. Ennis this is something he can work with the City Fiscal Division to provide on a more frequent basis.

Mr. Ennis said he has been working with Michael Lisson to properly account for the liabilities removed in 2018, and Mr. Lisson will be here when we are ready to report the 2018 audited financials. Mr. Ennis noted that would be an ideal time to see how the assets and liabilities are counted.

Mr. Gross said if he had this situation at the bank he would have a reserve set aside for the loan, and noted the loss of Bank of New York calls into question whether the loan will continue performing.

Mr. Petragani said SEDCO could put the loan into reserve if we have delinquency and therefore evidence they may not be able to repay, and suggested we should discuss it with the auditors.

Mr. Gross said we need to discuss UDAG with the auditors, noting the liability owed to the City is now forgiven, and that SEDCO does not know the value of the assets.

Mr. Ennis said all the UDAG projects are complete and closed administratively by HUD, and any proceeds from the old UDAG projects were included as unrestricted funds in the SEDCO general fund.

Mr. Ennis also noted he and Mr. Vavonese will talk with our auditor and ask his thoughts on whether or not to move this into a reserve account.

Mr. Petraghani said he thinks it's a good idea to talk to the auditor.

Mr. Ennis also noted we are no longer paying SIDA the payments for Dey's in 2019, and all proceeds from the Dey's loan are now retained by SEDCO.

Mr. Bottar asked how we can cover the \$600,000 loan that we discussed earlier.

Mr. Mankiewicz said this is a separate investment made to NDC to create a separate fund.

Mr. Gross asked if this would come out of SEDCO's restricted cash.

Mr. Ennis confirmed Mr. Mankiewicz statement about the NDC investment, and noted that the second and final investment of \$250,000 is included in the 2019 budget. If SEDCO exceeds the \$1 million in loan activity in the Grow Syracuse account, this will automatically trigger the second investment in the program. The second investment was part of the original agreement with NDC when the fund was established.

Mr. Bottar again expressed the desire to see this in the form of a balance sheet when approving annual budgets going forward.

Mr. Ennis acknowledged this, and asked for a motion to approve the 2019 budget.

Mr. Greene made the motion. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE BUDGET FOR 2019.**

Mr. Ennis went over the outstanding loans included in the SEDCO packet.

Mr. Petraghani asked about the loan to Freedom of Espresso.

Mr. Ennis said the owner ran into some trouble receive the permits necessary at the Walton Street location and it took longer than anticipated to get back on her feet. If she doubles up on her payments she should be caught up by the end of the year, which SEDCO is discussing with her to catch up and become current. Mr. Ennis said he has been in touch with her and continue to development a plan for repayment.

Mr. Bottar asked if a column could be added and date as to when the client had received the loan from SEDCO.

Mr. Ennis confirmed he would look into this to provide this information going forward.

VII. Adjourn

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

Mr. Gross made the motion. Mr. Petraghani seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY ADJOURNED THE MEETING AT 9:04 A.M.**



November 6, 2018

Memorandum To: SEDCO Board of Directors
From: Eric Ennis
Re: Holiday of North Salina, LLC
SEDCO Bridge Loan Request - \$98,100.00

Background:

Holiday of North Salina, LLC is seeking bridge loan funding through SEDCO to finance the renovation of a historic mixed-use property located at 754-58 North Salina Street. The owners, Donald Cronk and Kevin Walma, purchased the building in 2013 and opened a laundromat that has become a community asset for the Northside Neighborhood. Don and Kevin have now turned their attention to renovating the structure next to the laundromat. In April 2018, the project was awarded grant funding from the City of Syracuse to renovate the building through the Restore New York initiative with funds provided by Empire State Development. Renovations on the building are underway and the project will be complete in 2019.

Proposed Project:

The project will create 1,560 square feet of retail space with a one unit, four-bedroom apartment. Renovation work first started, and the project has experienced cost overruns and an expanded scope of work that have increased the total budget. This includes additional utility and sewer work, as well as additional fire rating in the downstairs retail space. The applicant is seeking financing from SEDCO in the exact amount of the Restore NY award to complete renovations and pay back upon reimbursement from Restore NY and the City of Syracuse. The borrower has retained Dalpos Architects to complete the designs, and the project has already received necessary approvals from City Zoning and Permit Desk.

Loan Request:

Holiday of North Salina, LLC is requesting \$98,100 in bridge loan financing to provide the necessary capital for the renovation and complete the necessary improvements to lease the apartment and retail space. The building contains 3,476 total square feet, and the renovation will include roofing, façade and masonry improvements, new utilities, as well as interior upgrades.

Sources & Uses:

Project Budget:

a. Renovation	\$ 170,000
b. Roofing Repairs	\$ 15,041
c. Plumbing Utilities	\$ 717
d. Interior Demolition	\$ 10,000
e. Fixtures	\$ 5,000
f. <u>Soft Costs & Misc.</u>	<u>\$ 35,260</u>
	\$ 236,018

Project Sources:

a. Cash Equity and Investments (25%)	\$ 58,668
b. Construction Financing	\$ 79,250
c. <u>SED CO Bridge Loan</u>	<u>\$ 98,100</u>
	\$ 236,018

Borrower:

Donald Cronk and Kevin Walma each hold a 50% stake in Holiday of North Salina, LLC, which is one of 6 total property ownership entities that are owned by the applicants in the city of Syracuse. Mr. Cronk has more than 15 years of experience managing and rehabilitating real estate, while Mr. Walma has more than 10 years of experience. For this project, the prospective borrower has secured mortgage from Seneca Savings for the project in the amount of \$281,250, a portion of which a portion can be used toward the construction during renovation.

The corporate financing for the entity show a loss for the property in 2017, which is directly related to property depreciation and limited income from the building while in disrepair. The upstairs residential unit has not been leased in several years, and the retail space was vacated in 2017. An operating pro forma for the property shows continued losses through the end of 2018 until leasing both spaces and achieving sustainable income next year.

Recommendation:

Staff is recommending that the Loan Committee approve this requested loan amount as presented. The recommended interest rate is 3.0% for this loan, with a term of 2 years (24 months) or upon disbursement of the Restore NY award, whichever comes sooner. The loan would be collateralized through a personal guarantee from the borrowers, and seek to hold security interest in the Restore NY funding award.

The SEDCO Loan Committee reviewed the financials for the business and the project, and is supportive of the loan as requested and under the specified terms.

The project will facilitate the renovation of an underutilized historic mixed use property in the heart of the North Salina Business District. The project is located on the same block of the fire that destroyed four buildings. This project will directly contribute to revitalizing this block and continuing the upward trajectory of the business district.



Syracuse Economic Development Corp

2017 -2018 Directors & Officers Proposal

Presented by:

Steve DeRegis
Vice President
Risk Management Advisor

Haylor, Freyer & Coon, Inc.
231 Salina Meadows Pwy
Syracuse, NY 13221

November 5, 2018



Directors & Officers Liability	Philadelphia
A. M. Best Rating	A++ XV
Insurer Status	Admitted
Insuring Clauses	
Directors & Officers – Non-Indemnified Persons	Yes
B) Company Reimbursement Coverage	Yes
C) Company Liability Coverage	Yes
Limit of Liability	
Each Claim	\$1,000,000
Additional Defense Expense Limit	See Defense below
Policy Aggregate	\$1,000,000
Additional A-Side Limit <small>(not subject to policy aggregate)</small>	\$1,000,000
Defense	
Defense Costs Erode Limits	No
Duty to Defend	No, but the Insured can tender the defense of a claim to the Carrier
Consent to Settlement (Hammer Clause) (Insurer/Insured responsibility in excess of original offer)	50%/50%
Coverage Trigger	
Full Prior Acts Coverage	Yes
Claims Made	Yes
Continuity Date	12/22/2010
Discovery Period/Automatic ERP	60 Days
Optional Extended Reporting Period	3 Years / 110%
Retention	
A) Directors & Officers – Non-Indemnified Persons	\$100/\$1,000
B) Company Reimbursement Coverage	\$10,000
C) Company Liability Coverage	\$10,000
Extensions	
Crisis Management Expenses - \$25,000 Limit	Yes

Exclusions		
Loan Exclusion	No however there is a broad Professional Services Exclusion	
Professional Services Errors & Omissions	Yes	
Employment Practices Exclusion	Yes	
Sexual Abuse Exclusion	No	
Failure to Maintain Insurance Exclusion	No	
Premium	Expiring	Renewal
Total Due	\$1,538	\$1,345
Policy Fee	N/A	N/A

Please Note:

As your insurance representative and at your direction, it is our role to procure insurance proposals on your behalf, to place coverage per your instructions and provide policy service during the policy term.

Insurance companies pay us a sales commission on policies we place with them. The amount we are paid may vary among the insurers we represent. We may receive additional compensation through a contract provision with an insurance company that is contingent on our overall profitability and/or premium volume with the carrier.

At your request, we will provide information on the actual compensation we expect to receive from the sale of insurance policy(s) to you, or what we would have expected to be paid had you selected any alternate quotations that we might have presented to you.

IMPORTANT: The absence of an exclusion does not necessarily indicate coverage.



November 2018 Loan Portfolio Report

Revision Date: 11/1/18										
Account Number	Description	8/31/2018	New Issuances	Principal Payments	9/30/2018	Servicer3D Balance	Delinquency	Difference	Funding date	MATURITY DATE
1322-00000-000	INCUBATOR CENTER ASSOCIATES	60,000.00	0.00	0.00	60,000.00	0.00		(60,000.00)		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	29,645.34	0.00	297.23	29,348.11	29,348.11		-	8/31/2006	09/01/2026
1486-00000-000	JEFFERSON CLINTON COMMONS, (B)	561,675.23	0.00	953.96	560,721.27	560,721.27		-	12/9/2007	05/01/2035
1487-00000-000	JEFFERSON CLINTON COMMONS (A)	851,579.81	0.00	1,326.62	850,253.19	850,253.19		-	12/4/2007	10/01/2044
1489-00000-000	123 EAST WATER STREET LLC	18,455.65	0.00	120.71	18,334.94	18,334.94		-	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.	115,394.90	0.00	594.47	114,800.43	114,800.43		-	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	26,666.80	0.00	444.44	26,222.36	26,222.36		-	9/14/2011	06/01/2028
1520-00000-000	NEW AFRICA OF SYRACUSE (II)	30,037.79	0.00	430.43	29,607.36	29,607.36		-	9/26/2012	06/01/2028
1522-00000-000	NEAR WESTSIDE INITIATIVE	68,946.18	0.00	518.21	68,427.97	68,427.97		-	4/9/2013	04/01/2028
1523-00000-000	BLUE DOT REALTY	766,704.00	0.00	0.00	766,704.00	0.00		(766,704.00)		02/28/2033
1525-00000-000	STRATHMORE HUNTLEY GROUP	91,502.87	0.00	325.84	91,177.03	91,177.03		-	11/6/2014	05/01/2036
1526-00000-000	DOMINICK'S MARKET INC	15,001.65	0.00	143.41	14,858.24	14,858.24		-	1/13/2014	05/01/2026
1527-00000-000	COMER CATERING	24,446.05	0.00	0.00	24,446.05	24,446.05	2549.20	-	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	88,648.65	0.00	468.96	88,179.69	88,179.69		-	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	10,975.61	0.00	242.09	10,733.52	10,733.52		-	3/9/2017	04/01/2022
1545-00000-001	500 SOUTH AVE MATCH LOAN	9,161.03	0.00	0.00	9,161.03	9,161.03		-	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	57,767.09	0.00	701.23	57,065.86	57,065.86	2536.95	-	8/2/2017	09/01/2024
1548-00000-000	ACROPOLIS PROPERTY MGMT	40,590.16	0.00	796.95	39,793.21	39,793.21		-	8/2/2017	09/01/2022
1549-00000-000	SALON AMARE	41,832.78	0.00	754.32	41,078.46	41,078.46		-	12/31/2017	01/01/2023
1550-00000-000	499 SYRACUSE CITY CENTRE	89,090.36	0.00	1,574.14	87,516.22	87,516.22		-	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	125,000.00	0.00	894.51	124,105.49	124,105.49		-	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	0.00	300,000.00	0.00	300,000.00	300,000.00		-	10/15/2018	11/01/2028
	TOTAL	4,915,725.38	300,000.00	10,587.52	5,205,137.86	4,378,433.86	5,086.15			