



To: SEDCO Board of Directors
From: Eric Ennis
Date: February 27, 2018
Re: SEDCO Board of Directors Meeting Agenda – March 1, 2018

The City of Syracuse Economic Development Corporation (SEDCO) Board of Directors Meeting on **Thursday, March 1, 2018 at 8:30 AM** in the **Syracuse Innovation Lab 'iLab'** 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 November 17, 2017 Board meeting

V. New Business –

Alibrandi Enterprises, Inc. – Eric Ennis – 3

Loan request for commercial restaurant improvements to Niko's Restaurant at 135 E. Water Street in Hanover Square

Attachment:

1. *Memo to Board*

2018 Meeting Calendar – Eric Ennis – 4

Approval of meeting calendar for the 2018 year

Attachment:

1. *Proposed monthly meeting dates*

Dey's Plaza LLC – Eric Ennis – 5

Discussion on the building and SEDCO's investment assets tied to the project

Loan Programming / Portfolio Updates – Eric Ennis – 6

VII. Adjournment



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THE SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

BOARD OF DIRECTORS MEETING SCHEDULED

FOR

THURSDAY MARCH 1, 2018

AT

8:30 AM

IN

Syracuse iLab

Room 215 City Hall

233 E. Washington St

Syracuse, NY 13202

FOR MORE INFORMATION PLEASE CALL 473-3275



Minutes
Syracuse Economic Development Corporation
Board of Directors Meeting
Friday November 17, 2017, 2017 8:30 A.M.
City Hall Rm. 215 Syra Stat Conference Room
233 East Washington St
Syracuse, NY 13202

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

Board Member Excused: Nicholas Petragnani, David Bottar, Dave Mankiewicz

Staff Present: Eric Ennis, Meghan Ryan, Esq., Debbie Ramsey-Burns, John Vavonese, John Black, Esq.

I. Call Meeting to Order

Mr. Driscoll called the meeting to order at 8:32 A.M.

II. Roll call

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

III. Proof of Notice

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

IV. Minutes

Approval of minutes from October 12, 2017 Board of Directors meeting.

Mr. P. Driscoll asked for a motion to approve the minutes from the October 12, 2017 Board of Directors meeting.

Mr. Quigley made the motion. Richard Driscoll seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MINUTES FROM THE OCTOBER 12, 2017 BOARD OF DIRECTORS MEETING.**

V. New Business

499 Syracuse City Centre, LLC

Mr. Ennis said this loan is for a building on the corner of Warren and East Onondaga St. He noted the owner has made recent investments, however the building has been operating with one elevator with an estimated cost of \$160,000 to replace the elevator system. The single elevator has been an issue for the tenants. The actual request to SEDCO is to provide \$100,000 in capital to assist with the elevator project.

Mr. Ennis said the loan committee had just recently reviewed the loan and during its review inquired about whether a loan from SEDCO could be done with two phases. Phase one would begin with roof on the building which has been leaking and needs to be repaired. Once that is repaired, the owner will complete an interior buildout of the top floor.

Mr. Ennis said upon going back and discussing the concept of two phases of a loan from SEDCO in \$50,000 increments, the owner expressed a strong preference for the single loan for the elevator. He also added the owner is committed to finishing the roof in 2018, but the cost of the elevator is the priority.

Mr. Ennis said he had talked to the owner and he wants to provide a new cap layer to the roof. If SEDCO were to participate in the loan, we would be in first position, since the original mortgage on the building has been paid off.

Ms. Solomon asked to confirm if the request on the table was for a \$100,000. Mr. Ennis said yes. Ms. Solomon asked if he will raise the rent after the repairs are completed.

Mr. Ennis said the owner wants to contribute to the cultural of Warren Street and maintain the building as an affordable option for office space in downtown.

Ms. Solomon asked if it was cheaper to build or fix a new elevator.

Mr. Ennis said the plan involves fixing the one elevator unit that is currently not operating. It is an eight- story office building so they really need two elevator units.

Mr. Quigley said the loan committee thought the roof was critical to repairing the building.

Mr. Quigley said he would move it on the condition that the roof was done in 2018 by December 31st.

Mr. Gross said put a 3% on it thru 2018 if they don't pay up out it to 12%. The repairs have to be acceptable.

Mr. Ennis said we could include that language in it at the time of the closing.

Mr. Quigley said he will move it on the contingency that by December 31, 2018 the roof is repaired. Ms. Solomon seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED TO THE LOAN REQUEST FOR THE REPLACEMENT OF AN ELEVATOR SYSTEM IN AN EIGHT-STORY OFFICE BUILDING.**

Richard Driscoll abstained from voting.

Amare Salon, LLC

Loan request for the purchase of equipment, furniture, and commercial leasehold improvements.

Mr. Ennis said this property is at 451 Warren St and has been vacant some time now. Anne Marie Mesiti wants to open a salon there. She has 25 years' experience and is a vendor for Davines hair care products that is environmental friendly.

This building is owned by Anthony Castimatides and OA Realty, which is affiliated with Open Atelier Architects.

Mr. Ennis said Anne Marie Mesiti will lease out chair in the salon for \$800 a month from each stylist. Ms. Mesiti plans on having four stylists in place by January.

The project will consist of renovation of the ground floor it will result in a finished salon that will occupy 2,400 square feet, as well as purchase furniture and equipment necessary to operate the salon.

Salon Amare is requesting a SEDCO loan for \$47,800 to finance a portion of the improvements as well as furniture and equipment used in the storefront at 451 Warren St.

Mr. Ennis said Anne Marie Mesiti is paying for the remaining renovation and project, which is anticipated to exceed \$77,000 in total.

Mr. Ennis said Anne Marie Mesiti had filled out a personal financial statement, a personal guarantee and her husband will also sign a personal guarantee.

Richard Driscoll asked if she just had her own chair. Mr. Ennis said both he & Nora met with her and she has been practicing for 25 years. She has increase revenue from the last three years and already has a signed lease in the Warren Street location.

Mr. Gross said it's a good service to add to downtown and being right near the Hotel Syracuse they have to be pleased to have this coming in. Mr. Gross said he thinks they financially and their ability to pay back the loan.

Mr. P. Driscoll asked for a motion to approve a loan request for the purchase of equipment, furniture, and commercial leasehold improvements.

Mr. Gross made the motion. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A LOAN REQUEST OF \$47,800 FOR THE PURCHASE OF EQUIPMENT, FURNITURE, AND COMMERCIAL LEASEHOLD IMPROVEMENTS.**

Dey's Plaza LLC

Mr. Ennis told the board he has sought to keep everyone up to date regarding the Dey's Building and its existing loans with SEDCO. Rich Devito and Bob Doucette are working to stabilize the building. We understand Pathfinder Bank is going to refinance approximately 50% of the total refinance and renovation – and is currently seeking other financial partners to finance the remaining portion.

Mr. Ennis said the borrowers have requested from SEDCO the principle an interest-only repayment period of 12 months, in order to allow time to stabilize the building as they secure financing for the renovation. The request for the board to vote on also includes retroactively approving the interest-only period to begin on October 1, 2017 and would leave total repayment period the same with a balloon payment of both loans due in 2025. The amortization schedule would need to be amended to reflect this revised loan repayment.

Mr. Gross said they discussed at the loan committee that whatever SEDCO collects from Deys has traditionally always been transferred to SIDA. This would continue during an interest-only period if the board votes to approve the request.

Ms. Spillane said the SIDA Board has requested to hold on reviewing the Dey's project arrangement with SEDCO until at least January. With the pending change in board members, they prefer to wait to address this until after the first of the year.

Ms. Spillane said the building is also still listed for sale on the market and she does not think they have decided which way they are going to go. The owners have withdrawn their request to SIDA for abatements related to the residential apartment buildout. It is possible they will return to SIDA once they have financial investors to complete the refinance.

Richard Driscoll asked if it is still possible then that SEDCO will owe the Dey's repayment to SIDA for both the principal and interest during this time, regardless of what is collected from the borrower. Ms. Spillane said staff has been referring to SEDCO minutes that date back to 2009 when the agreement was made. Mr. Ennis noted the contract was never executed between SIDA and SEDCO, and coincided with the change of the last administration.

Mr. Quigley asked if they should approve it only if SIDA approves it.

Mr. Spillane said it is written into the minutes what SEDCO owes to SIDA, however this will be revisited with the SIDA board.

Mr. Vavonese said it won't be when you cut it down to interest only.

Mr. Gross noted the loss of the building's primary commercial tenant, and clearly those impacts are being felt on the project.

Ms. Spillane said doing this by SEDCO we should help move SIDA to review and address the agreement in 2018.

Mr. Gross asked if our financials show the course of payments made to SIDA over the years.

Ms. Spillane and Mr. Vavonese confirmed this.

Ms. Solomon sought confirmation the borrowers are seeking to retroactively approve this request in order to stabilize the building.

Mr. Ennis confirmed this, noting the request is for 12 months.

Ms. Solomon said the principle payments would start and asked if they have not paid the October and November payments.

Mr. Ennis said no payments have been collected for those two months and with the new administration coming in January 1, it is unclear at this stage how this will impact the SEDCO or SIDA boards.

Ms. Spillane said it would be better to conclude this step with an approval from SEDCO, and allow the organization to finalize agreement terms with SIDA in 2018.

Mr. Vavonese said the proceeds of the loan payment to SEDCO are payable and SIDA is the recipient of whatever SEDCO collects from Dey's Plaza LLC.

Mr. Black said we would have to document the note for this agreement between the two entities and formalize the contract language.

Mr. Ennis said outlining the terms of the agreement must be done whether it's this board or the new board coming in.

Mr. Quigley asked if there was any way we could have an interim agreement with a shorter term than the 12 month request, but still allow the owners to get the interest period for now.

Mr. Gross said the principle payments will be approximately \$12,000 a month, and he would recommend a period through the end of 2017.

Richard Driscoll said SEDCO can offer a shorter period than 12 months and go back to the borrowers of Dey's Plaza LLC and request further information. He noted from an administrative standpoint that 6 months from October would be more reasonable – and require an update and possible extension by March 31, 2018.

Mr. Ennis said if the board wishes to proceed with a six month approval retroactively from October, he will advise the borrowers they will need to come back to SEDCO by that date.

Mr. Gross said he will make a motion interest only starting October 1, 2017 for a period of six months, and the SEDCO amortization schedule will be revised to reflect the repayment change.

Mr. Gross made the motion. Richard Driscoll seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED INTEREST ONLY STARTING OCTOBER 1 FOR A PERIOD OF SIX MONTHS, AND REQUIRING THE SEDCO REPAYMENT SCHEDULE TO BE REVISED.**

Mr. Ennis said this discussion is regarding the Center Armory garage. There is An existing lease and a sub-lease that includes both SIDA and SEDCO.

Ms. Ryan said the bonds on the garage are paid off. We need time to figure out what's going to happen with the official ownership of the garage. SIDA currently owns parking garage with a lease that involves SEDCO. The request before SEDCO today is to extend the sublease agreement for six months to provide more time to work out the transfer of ownership of the garage.

Ms. Ryan said there are two lengthy agreements. SIDA currently has a sublease agreement with SEDCO.

Mr. Gross asked if SIDA owned the actual garage itself. Ms. Ryan confirmed this.

Richard Driscoll asked if SEDCO should seek to revise the agreement so they are no longer involved with the arrangement.

Ms. Spillane said SIDA has issued an RFP for the garage and expects to be relinquishing ownership soon, so this would not be necessary.

Mr. P. Driscoll asked for a motion to extend the lease and the sub lease.

Mr. Gross made the motion. Richard Driscoll seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED TO EXTEND THE LEASE AND THE SUB LEASE.**

Mr. Ennis said last month when Dan Cowen joined us he explained how SEDCO has been identified as a resource to use for those seeking a loan who may not have good credit. He asked if there is an appetite to set aside a pool of funds that might be a little more 'high risk' for those prospective applicants working with the Upstart Program or other development organizations.

Ms. Spillane noted we have one applicant with a strong business plan but very little credit and equity. This is the kind of borrower we could assist and develop business in the city of Syracuse.

Mr. Ennis said applicants like these could be provided small loans to move forward with their business.

Ms. Solomon asked if there were other avenues for people to become entrepreneurs, and if it is necessary to put the money aside in separate account.

Mr. Ennis said there is no requirement to put money aside through a separate account, and these could be treated like any other loan applicant if the board prefers this method. He also said Cooperative Federal Credit Union operates a loan fund with CDBG dollars with low interest.

Ms. Solomon said she see's nothing wrong with going through a mentor as a requirement for this type of lending.

Mr. Ennis asked if this was something the board was willing to review and consider by accepting applications from borrowers that are high risk. Members of the board expressed agreement they would consider this type of applicant.

Mr. Ennis noted that in 2017, we have further diversified SEDCO's loan portfolio to include more borrowers with stronger credit and less likelihood of default.

V. Adjournment

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

Ms. Solomon made the motion. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED TO ADJOURN THE MEETING AT 9:29 A.M.**



February 27, 2018

Memorandum To: SEDCO Loan Committee
From: Eric Ennis
Re: Alibrandi Enterprises, Inc.
Restaurant Tenant Buildout Project
SEDCO Direct Loan Request \$35,000

Background:

Alibrandi Enterprises, Inc. is seeking a direct loan to provide capital for renovations of a commercial space that is rented and operated as Niko's Restaurant, located at 135 East Water Street in Hanover Square in Downtown Syracuse.

Loan Request:

Alibrandi Enterprises, Inc. is seeking a SEDCO direct loan in the amount of approximately \$35,000 to provide financial assistance for the renovation work and restaurant buildout. The project is estimates to begin in Spring 2018 and be completed within approximately four months. As of this memo, the applicant is awaiting a quote on the restaurant furniture he is seeking to purchase to outfit the interior space and add new outdoor seating during warmer months.

Sources & Uses:

Project Budget:

a. Interior renovation work	\$ 35,000.00
b. Architect / design fees	\$ 3,250.00
c. Restaurant Furniture, signage, misc. costs	<u>\$ 11,750.00</u>
	\$ 50,000.00

Project Funding:

a. SEDCO Direct Loan	\$ 35,000.00
b. Owner Equity	<u>\$ 15,000.00</u>
	\$ 50,000.00

Borrower:

The applicant entity is 100% owned by Philip Alibrandi, the owner of Niko's Restaurant. Mr. Alibrandi has owned the business since 2011, and developed the businesses takeout and delivery business. The restaurant receives heavy traffic during the lunch hour, and as the downtown area transitions to a residential neighborhood, there is an opportunity to have after hours and late-night traffic in the Hanover Square district. The newly completed State Tower Building revitalization with new apartments and commercial space is a primary example of this. Further development in the district is now underway also.

Financial Review:

The applicant has provided three years of financials, including two years of tax returns from 2016 and 2015. The financials show consecutive profitable years and the overall year end totals have increased over time. This information shows the business is profitable with the profit margin rising each year since 2015. The cost of goods sold and gross sales have fluctuated, but each year the overall expenses have been consistent and prevent margins from falling.

For the individual owner, the credit report from the three rating agencies with an average rating of 748. The owner has very little personal assets to inject into the project, however the business financials show the capacity exists to successfully complete the project and pay back the loan.

Loan Committee Review:

The Loan Committee reviewed this loan in detail, recommending the Board provide \$35,000 with a period of 6 years at a rate of 3% interest. A recommended contingency is to require quotes be obtained for the remaining elements of the project, and reduce the loan amount if the loan does not reach the \$50,000 total project threshold. In this scenario, the reduction amount would be the difference between the loan amount and \$50,000.

Recommendation:

Staff is recommending that the Loan Committee review and consider the applicant for the full request of \$35,000. The applicant is seeking to make building improvements to continue occupying and generate activity in Hanover Square, which continues to see new development and revitalization. SEDCO would have the ability to file UCC-1 on the furniture that will be purchased for the restaurant as part of the application to collateralize the loan – the furniture items would be identified prior to the loan closing. The project would involve SEDCO supporting the expansion of a longstanding business in Downtown Syracuse that is looking to modernize and improve with a changing clientele.



Loan Committee and Board of Directors Meetings

2018 Schedule

Board of Directors Meeting

(Place of meeting to be determined)

March 1, 2018

April 5, 2018

May 10, 2018

June 7, 2018

July 5, 2018

August 2, 2018

September 6, 2018

October 4, 2018

November 1, 2018

December 6, 2018

Note: Agenda items and related documentation should be provided not later than **two 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 St., 6th Floor
Syracuse, N.Y. 13202

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