



To: SEDCO Board of Directors
From: Eric Ennis
Date: October 2, 2018
Re: SEDCO Board of Directors Meeting Agenda – October 4, 2018

The City of Syracuse Economic Development Corporation (SEDCO) Board of Directors Meeting on **Thursday, October 4, 2018 at 8:30 AM** in the **City Hall Commons Atrium** at 201 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 September 6, 2018 Board meeting

V. New Business –

Grow Syracuse Fund Status Update – Eric Ennis – 3

Update on participation with the Grow Syracuse Fund managed by the National Development Council (NDC)

2019 Organization Budget – Eric Ennis – 4

Review and discussion of the projected expenses and revenues for the next fiscal year

Attachment:

1. *Proposed 2019 Budget*

VII. Adjourn



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THE SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

BOARD OF DIRECTORS HAS SCHEDULED

A

MEETING

FOR

THURSDAY OCTOBER 4, 2018

AT

8:30 AM

IN

City Hall Commons
Atrium
201 E. Washington St
Syracuse, NY 13202

FOR MORE INFORMATION PLEASE CALL 473-3275



Meeting Minutes | September 6, 2018

Board Members Present: Honora Spillane, Steve Gross, Richard Driscoll, Hon. Michael Greene, David Mankiewicz, Sheena Solomon, David Bottar, Nick Petragnani, Michael Quigley.

Board Members Excuse: Katie Sojewicz, Ben Bunting.

Staff Present: Eric Ennis, John Vavonese, John Black, Esq., Debra Ramsey-Burns, Richard Engel, Esq.

I. Call Meeting to Order

Ms. Spillane called the meeting to order at 8:35 am.

II. Roll Call

Ms. Spillane acknowledged all Board Members except for Ben Bunting and Katie Sojewicz, who were excused.

III. Proof of Notice

Ms. Spillane made note acknowledging proof of notice was released and shared accordingly prior to the meeting.

IV. Minutes

Ms. Spillane asked for a motion approving the minutes from the July 12, 2018 Board of Directors Meeting.

Mr. Mankiewicz noted there were two revisions to the minutes he would like to include: one statement from Mr. Gross regarding the payment to SIDA on behalf of the Dey's Centennial Building for the HUD 108 repayment, noting the possibility that SEDCO may not make back the money from the borrower it is paying SIDA to guarantee payment of the HUD 108 remaining balance.

Mr. Mankiewicz also noted the discussion of interest rate of 3% versus 5% was agreed to be used as a way to incentivize development in low income areas comprised within the NRSA, compared to those areas where SEDCO has frequently been doing loans downtown and elsewhere.

Mr. Ennis agreed and replied that both statements would be included in the minutes.

Mr. Mankiewicz made the motion. Mr. Driscoll seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MINUTES FROM THE JULY 12, 2018 BOARD OF DIRECTORS MEETING WITH THE MENTIONED REVISIONS.**

V. New Business

City of Syracuse UDAG Program Receivable

Mr. Ennis referred to the memo that was provided in the agenda, and stated the request is to approve SEDCO removing a payable to the City of Syracuse in the amount of \$3.8 million comprised of Urban Development Action Grant (UDAG) funds that were awarded to the City of Syracuse in the 1980's. SEDCO was created to oversee and award those funds, which were used for several urban redevelopment projects across the city of Syracuse. The payable to the City has been on SEDCO's books for decades, and prior to this SEDCO meeting the Syracuse Common Council agreed to remove the receivable held on the City's books.

Mr. Ennis noted the change will be reflected in the next SEDCO audit.

Mr. Petragani asked if this was something we had looked into or who suggested this action.

Mr. Ennis said the Walsh Administration spoke with Councilors about making this change in the City's financials for accuracy. There is no requirement to pay back these funds to HUD, and staff verified these projects have been closed administratively.

Ms. Spillane noted that SEDCO's auditor had suggested action on this for several years for better accounting and to address this payable.

Ms. Spillane asked for a motion Recognize and remove account payable owed to the City of Syracuse related to the Urban Development Action Grant

Mr. Quigley made the motion. Mr. Petragani seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO RECOGNIZE AND REMOVE ACCOUNT PAYABLE OWED TO THE CITY OF SYRACUSE RELATED TO THE URBAN DEVELOPMENT ACTION GRANT.**

Peaks Coffee Company Café LLC

Mr. Ennis said the owners Samuel and Kelsey Bender of Peaks Coffee Company have had their café and roastery in Cazenovia, NY since 2015. They want to separate there café from there roastery and sale of whole-sale coffee beans. They have client accounts and sales in about 30 different places and across the United States. Mr. Ennis said they have decided to bring their café into the Syracuse area to operate a retail storefront.

The owners have been working with the Onondaga Small Business Development Center (SBDC) to complete this transition develop accurate projections for moving to the new location. The project is going into the 363 –bed student housing known as the 505 on Walnut. It is going to cost approximately \$90,000 to buildout and retrofit the space. The landlord has agreed to pay for this work.

Mr. Ennis said the applicants are seeking financing from SEDCO to purchase necessary equipment and furniture to operate the new location in Syracuse. He noted a question was raised by the loan committee on whether the landlord could come up with more money but staff went back to verify this, and no further assistance will be provided by the landlord.

Mr. Petragrani said they have very little or no equity. Mr. Gross confirmed and said they have very little to contribute to the deal. Mr. Driscoll asked if they have enough working capital.

Mr. Quigley said with all those people walking through there and if they buy coffee there's no room for error. Café Kubal couldn't make it at a location nearby

Mr. Petragrani asked if they had another tenant to receive the 485-a exemption.

Ms. Spillane stated they do not, and this is the only commercial tenant space.

Ms. Spillane said the landlord contributing \$90,000 is a further injection of capital into this project to help complete the relocation.

Mr. Driscoll asked if the roasting aspect was profitable. Mr. Gross said yes the whole-sale operation is mostly the roasting. It's going in the right direction and profitable, since they made \$28,000 last year.

Mr. Ennis said the borrowers themselves live in the City. Mr. Ennis said the proposed loan is structured with 5% interest because the site and borrowers are outside of the NRSA boundary.

Ms. Solomon asked if they lease.

Mr. Ennis replied yes approximately \$1,200 for a period of 10 years.

Mr. Petragrani noted a business moving in from Cazenovia bringing jobs is positive and going to create more opportunity. Mr. Mankiewicz said Phoebe's and Strong hearts are also located nearby.

Ms. Spillane said she doesn't think Phoebe's maintains the same hours to compete the same times.

Ms. Spillane asked for a motion Requesting direct loan financing to assist the relocation an existing café into the city of Syracuse

Mr. Petragrani said he will make the motion with a guarantee from the other LLC associated with the business, Peaks Coffee Co. Roastery LLC. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE REQUEST FOR DIRECT LOAN FINANCING TO ASSIST THE RELOCATION AN EXISTING CAFÉ INTO THE CITY OF SYRACUSE.**

La Roasteria, Inc.

Mr. Ennis said this entity is the well-known coffee company as Café Kubal. They have acquired the property at 208 N. Townsend Street and are in the midst of relocating their office headquarters into it and already houses their roasting operation. They have been awarded a grant funding from the City of Syracuse to renovate the building through the Restore New York program. Café Kubal owns the building through La Roasteria, Inc. the borrower and parent company. This is a historic building so in it they will have their roasting business and their administrative offices.

Mr. Ennis said they are asking for a bridge loan for \$118,100 for renovations and this is reimbursable grant.

Mr. Petragrani asked if they had a contractor or if they had estimates. Mr. Ennis said they have been looking at estimates, and is part of the process to be awarded the funds.

Ms. Spillane said they have to submit this information for both the City and for Empire State Development. The bridge loan is last and when he goes to repay the interest we will make additional revenue from the interest at 3%.

Mr. Gross said the borrower is credit worthy based upon the loan committee review.

Mr. Petragrani asked if they had any liabilities from the place on the former Fayette Street location.

Mr. Gross said he thinks the company walked away from the lease.

Mr. Ennis said during 2017 the company opened and closed the Fayette Street café, and also built out the location in the Marriott Syracuse Downtown. Mr. Gross said they have a good business going despite the location closure.

Ms. Spillane said based on her understanding nothing is owed to their former landlord.

Ms. Spillane asked for a motion to Bridge Loan Request to finance costs reimbursable by a Restore NY award for the renovation of the commercial office building at 208 N. Townsend Street.

Mr. Driscoll made the motion. Ms. Solomon seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE BRIDGE LOAN REQUEST TO FINANCE COSTS REIMBURSABLE BY A RESTORE NY AWARD FOR THE RENOVATION OF THE COMMERCIAL OFFICE BUILDING AT 208 N. TOWNSEND STREET.**

South Avenue Pedestrian / Streetscape Improvements

Mr. Ennis said \$10,000 was paid back to the City in a lump sum manner from the sale of a property assisted on South Ave as part of the CDBG Main Street program. SIDA conducted a study with Camoin Associates to develop a plan for the 1.5 mile strip of South Avenue to put benches and bike racks.

Mr. Ennis said we want to use \$10,000 and it would be approximately \$850.00 for benches and \$150.00 for bike racks. He also noted this investment will complement the City's new bike share program that will be introduced later this year.

Mr. Driscoll said he was ok with the investment, however expressed concern this is not really our mission to perform streetscape investments. We collect money every month for loans, but providing this type of grant is not really what we do.

Ms. Solomon said she would like to see our money going to Entrepreneurs instead of buying bike racks and benches.

Mr. Quigley said he would hate for every neighborhood coming to us saying the need bike racks.

Mr. Ennis noted this would not be a common request to SEDCO and is strategically using funds to complement the study that was just released and to address the very few pedestrian amenities that exist on the corridor.

Ms. Spillane asked for a motion regarding the use of funds on a SEDCO loan repayment for the South Avenue Business Corridor.

Mr. Petraghani made the motion. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE USE OF FUNDS ON A SEDCO LOAN REPAYMENT FOR THE SOUTH AVENUE BUSINESS CORRIDOR.**

Dey's Plaza LLC Extension Request

Mr. Ennis said they owners of Deys Plaza LLC have continued working on redevelopment plans, which now include additional buildout of the former Bank of NY Mellon space into additional apartments. They continue working on another bank to participate with Pathfinder on the permanent financing for the project and overall building, however no second lender has been identified at this time.

Mr. Ennis said the interest only period is ending on September 30 that's why they are coming back to us.

Ms. Spillane said if SEDCO agrees to interest only for 6 months they are going to come right back to us again for a deal. Giving them 18 months at 1.2 debt coverage ratio rather has a better picture.

Mr. Gross said he thinks you will have to give them at least a year. Ms. Spillane said they need to get a third party lender involved.

Mr. Petraghani said SONYMA is unable to provide the permanent financing on the project. The terms are not what they were when going into underwriting.

Ms. Spillane noted the existing loan provisions included a 13 year term, 30 year amortization, with interest rate of 3%.

Mr. Petraghani said they financed phase one and they delivered under budget the apartments have done well.

Ms. Spillane said Deys Plaza LLC is in the midst of reapplying to SIDA for exemptions on the project.

Mr. Petraghani said the borrower is currently in discussion with Northwest Bank to participate in providing permanent financing. When that is done we will provide construction financing for the new apartments.

Mr. Driscoll asked if we had considered charging them a fee.

Mr. Ennis said we know the borrower is likely to come back and restructure their existing SEDCO loan. That time may present an opportunity to work on an agreement during any proposed restructuring.

Ms. Solomon asked whether the recommendation from the board is to approve the same period as last year.

Mr. Quigley said we should ask them for a legal fee for their extension to rewrite the agreement.

Mr. Ennis confirmed any costs from SEDCO's counsel can be passed along to the borrower to amend the agreement.

Ms. Spillane asked for a motion a request from borrower to extend the interest-only period for the Dey's Building project for one year beyond the existing interest only period.

Ms. Solomon made the motion. Mr. Thompson seconded the motion. **ALL BOARD MEMBERS PRESENT WITH THE EXCEPTION OF Mr. PETRAGNANI AND MR. MANKIEWICZ WHO ABSTAINED FROM VOTING UNANIMOUSLY APPROVED A REQUEST FROM BORROWER TO EXTEND THE INTEREST-ONLY PERIOD FOR THE DEY'S BUILDING PROJECT.**

Ms. Spillane asked for a motion to go into Executive Session at 9:22am.

Mr. Quigley made the motion. Mr. Driscoll seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED TO MOVE INTO EXECUTIVE SESSION.**

Ms. Spillane asked for a motion to keep the staff in Executive Session.

Mr. Petragrani made the motion. Mr. Mankiewicz seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED TO KEEP THE STAFF IN EXECUTIVE SESSION.**

Ms. Spillane noted the SEDCO Board exited Executive Session at 9:43 am.

Ms. Spillane asked for a motion to approve a \$300,000 loan to Tops NR, LLC. Ms. Solomon made the motion. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS PRESENT WITH THE EXCEPTION OF MR. GROSS AND MR. MANKIEWICZ WHO ABSTAINED FROM VOTING APPROVED A REQUEST TO LOAN REQUEST TO TOPS NR, LLC.**

Ms. Spillane asked for a motion to adjourn the meeting. Mr. Petragrani made the motion. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS APPROVED TO AJOURN THE MEETING.**

The meeting adjourned at 9:47 am.

SYRACUSE ECONOMIC DEVELOPMENT CORPORATION
 PROPOSED ANNUAL BUDGET
 FISCAL YEAR ENDING DECEMBER 31, 2019

	2017	2018	2018	2019
	<u>Actual</u>	<u>Budget</u>	<u>Projected</u>	<u>Budget</u>
MISC INCOME	15,000	-	4,790,185	-
GRANT INCOME	10,225	-	40,900	-
BANK INTEREST INCOME	1,398	1,400	1,400	1,400
CD INTEREST INCOME - SCFCU	1	1	1	1
INTEREST INC. SCFCU SECONDARY	3,000	3,000	3,000	3,000
LOAN INTEREST INCOME - UNREST	78,057	70,305	71,546	72,278
LOAN LATE FEE	379	350	250	350
INTEREST INCOME - DEYS	144,956	140,814	143,708	143,708
LOAN CLOSING LEGAL FEE	-	100	-	6,600
TOTAL REVENUE	253,016	215,970	5,050,990	227,337
OFFICE EXPENSE	1,534	1,000	1,500	1,500
CAPITALIZATION EXPENSE	-	-	371,593	-
SEDCO SALARY	-	-	14,780	29,560
SEDCO FICA	-	-	1,113	2,227
SEDCO HEALTH	-	-	2,677	5,355
SEDCO RETIREMENT	-	-	1,353	2,707
PROF SERVICES	301	-	2,500	600
PROF SERVICES - AUDIT/ACCTING	14,500	15,000	14,500	15,000
LEGAL FEES	435	500	5,500	14,000
INSURANCE - DIRECTORS	1,537	1,700	1,538	1,700
DEVELOPMENT GRANTS	250,000	-	10,000	250,000
DEV GTS - MIDLAND/LINCOLN/BELL	20,636	-	-	7,995
MAIN ST GRANT	19,815	-	-	-
BAD DEBT EXPENSE	14,332	30,000	-	30,000
MISC - BANK CHARGES	380	400	390	400
INTEREST EXPENSE - DEYS/SIDA	144,956	140,814	83,830	-
TOTAL EXPENSES	468,426	189,414	511,275	361,043
CURRENT PROFIT (LOSS)	(215,410)	26,556	4,539,715	(133,706)

October 2018 Loan Portfolio Report

Revision Date: 10/1/18										
Account Number	Description	8/31/2018	New Issuances	Principal Payments	9/30/2018	Servicer3D Balance	Delinquency	Difference	Notes	MATURITY DATE
1322-00000-000	INCUBATOR CENTER ASSOCIATES	60,000.00	0.00	0.00	60,000.00	0.00		(60,000.00)	Write down 10,000 per year 2/13	02/13/2024
1463-00000-000	WILLOW STREET LOFTS, LLC	364,000.02	0.00	0.00	364,000.02	364,000.02		-		07/01/2027
1471-00000-000	RHS HOLDINGS LLC	29,942.32	0.00	296.98	29,645.34	29,645.34		-		09/01/2026
1486-00000-000	JEFFERSON CLINTON COMMONS, (B)	562,628.26	0.00	953.03	561,675.23	561,675.23		-		05/01/2035
1487-00000-000	JEFFERSON CLINTON COMMONS (A)	852,900.93	0.00	1,321.12	851,579.81	851,579.81		-		10/01/2044
1489-00000-000	123 EAST WATER STREET LLC	18,575.93	0.00	120.28	18,455.65	18,455.65		-		09/01/2029
1490-00000-000	JEFFERSON CLINTON COMMONS (C)	900,000.00	0.00	0.00	900,000.00	900,000.00		-		09/01/2037
1493-00000-000	BALLE 31 INC.	115,987.27	0.00	592.37	115,394.90	115,394.90		-		02/01/2031
1511-00000-000	PEOPLE'S COMMUNITY DEV CORP	2,997.02	0.00	0.00	2,997.02	2,997.02		-		06/01/2021
1518-00000-000	NEW AFRICA OF SYRACUSE INC	26,666.80	0.00	0.00	26,666.80	26,666.80		-		06/01/2028
1520-00000-000	NEW AFRICA OF SYRACUSE (II)	30,037.79	0.00	0.00	30,037.79	30,037.79		-		06/01/2028
1522-00000-000	NEAR WESTSIDE INITIATIVE	69,463.10	0.00	516.92	68,946.18	68,946.18		-		04/01/2028
1523-00000-000	BLUE DOT REALTY	766,704.00	0.00	0.00	766,704.00	0.00		(766,704.00)	Write down \$51,114 per year 2/28	02/28/2033
1525-00000-000	STRATHMORE HUNTLEY GROUP	91,827.90	0.00	325.03	91,502.87	91,502.87		-		05/01/2036
1526-00000-000	DOMINICK'S MARKET INC	15,287.39	0.00	285.74	15,001.65	15,001.65		-		05/01/2026
1527-00000-000	COMER CATERING	24,446.05	0.00	0.00	24,446.05	24,446.05	2682.72	-		05/01/2026
1530-00000-000	RJB PROPERTIES (CDBG MAIN ST)	40,000.00	0.00	0.00	40,000.00	40,000.00		-	Main Street (Write Off)	01/14/2021
1531-00000-000	SWALLOW'S RESTAURANT	8,000.00	0.00	0.00	8,000.00	8,000.00		-	Main Street (Write Off)	07/20/2020
1532-00000-001	JERK HUT MATCH LOAN	5,950.00	0.00	525.00	5,425.00	5,425.00		-		02/01/2022
1532-00000-002	JERK HUT (CDBG MAIN ST)	45,296.39	0.00	0.00	45,296.39	45,296.39		-	Main Street (Write Off)	11/08/2022
1534-00000-000	NEAR WESTSIDE INIT UNIT 4	89,116.44	0.00	467.79	88,648.65	88,648.65		-		09/01/2031
1535-00000-000	511-513 N STATE ST	10,000.00	0.00	0.00	10,000.00	10,000.00		-	Write off in 5 years	02/04/2021
1537-00000-000	CERIO I (CDBG MAIN ST)	22,960.00	0.00	0.00	22,960.00	22,960.00		-	Main Street (Write Off)	05/19/2022
1539-00000-000	CERIO II (CDBG MAIN ST)	8,000.00	0.00	0.00	8,000.00	8,000.00		-	Main Street (Write Off)	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		-	Main Street (Write Off)	01/01/2023
1541-00000-001	PEPPINOS OFFICE (CDBG MAIN ST)	18,000.00	0.00	0.00	18,000.00	18,000.00		-	Main Street (Write Off)	05/19/2022
1542-00000-001	PEPPINOS STORE (CDBG MAIN ST)	50,000.00	0.00	0.00	50,000.00	50,000.00		-	Main Street (Write Off)	11/01/2022
1544-00000-000	PROVIDENCE SERVICES	11,217.10	0.00	241.49	10,975.61	10,975.61		-		04/01/2022
1545-00000-001	500 SOUTH AVE MATCH LOAN	9,350.03	0.00	189.00	9,161.03	9,161.03	183.33	-		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		-	Main Street (Write Off)	04/27/2022
1547-00000-000	FREEDOM OF ESPRESSO	58,466.57	0.00	699.48	57,767.09	57,767.09	2807.59	-		09/01/2024
1548-00000-000	ACROPOLIS PROPERTY MGMT	41,385.13	0.00	794.97	40,590.16	40,590.16		-		09/01/2022
1549-00000-000	SALON AMARE	42,585.22	0.00	752.44	41,832.78	41,832.78		-		01/01/2023
1550-00000-000	499 SYRACUSE CITY CENTRE	90,660.58	0.00	1,570.22	89,090.36	89,090.36		-		02/01/2023
1551-00000-000	WATER STREET BAGEL	100,000.00	0.00	0.00	100,000.00	100,000.00		-	new loan	
1552-00000-001	CHANGE OF PACE (CDBG MAIN ST)	37,525.00	0.00	0.00	37,525.00	37,525.00		-	Main Street (Write Off)	06/19/2023
1553-00000-000	KNOWING TREE	125,000.00	0.00	0.00	125,000.00	125,000.00		-		09/01/2028
1554-00000-000	CNY ARTS	0.00	100,000.00	0.00	100,000.00			(100,000.00)	new loan	
								-		
	TOTAL	4,825,377.24	100,000.00	9,651.86	4,915,725.38	3,989,021.38	5,673.64			