



To: SEDCO Board of Directors
From: Eric Ennis
Date: June 5, 2018
Re: SEDCO Board of Directors Meeting Agenda – June 7, 2018

The City of Syracuse Economic Development Corporation (SEDCO) Board of Directors Meeting on **Thursday, June 7, 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 – (Welcome Katie Sojewicz)

III. Proof of Notice – 1

IV. Minutes – 2

Review and vote on the minutes from the May 10, 2018 Board meeting

V. New Business –

Water Street Bagel Co. LLC – Eric Ennis – 3

Request for direct loan financing to fill a gap for a startup bagel restaurant with committed financing from NBT Bank.

Attachment:

1. *Memo to Board*

1015 Hiawatha Blvd LLC – Eric Ennis – 4

Request for direct loan financing for acquisition and expansion of two existing businesses at 844 Sixth North Street.

Attachment:

1. *Memo to Board*

SEDCO Agreement with SIDA re: Dey's Plaza – Eric Ennis – 5

Review and vote to formalize the agreement with the Syracuse Industrial Development Agency regarding the loan repayment from Dey's Plaza LLC.

Attachments:

1. *Memo to Board*

2. *Agreement between SEDCO and SIDA*

VII. Adjournment



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THE SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

BOARD OF DIRECTORS HAS SCHEDULED

A

MEETING

FOR

THURSDAY JUNE 4, 2018

AT

8:30 AM

IN

**City of 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
Thursday May 10, 2018 8:30 A.M.
City Hall Rm. 215 Innovation Lab Room
233 East Washington St.
Syracuse, NY 13202

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

Board Members Excused: David Mankiewicz

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

I. Call Meeting to Order

Ms. Spillane called the meeting to order at 8:32 A.M.

II. Roll call

Ms. Spillane acknowledged all Board Members were present except for Mr. Mankiewicz who was excused.

III. Proof of Notice

Ms. Spillane made note acknowledging proof of notice was out in a timely manner.

IV. Minutes

Approval of minutes from Board of Directors meeting.

Ms. Spillane asked for a motion to approve the minutes from the April 5, 2018 Board of Directors meeting.

Mr. Driscoll made the motion. Mr. Petragnani seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MINUTES FROM THE APRIL 5, 2018 BOARD OF DIRECTORS MEETING.**

V. New Business

CNY Arts, Inc.

Mr. Ennis said CNY Arts is a non-profit organization. They are planning Arts & Entertainment in five Districts in CNY downtown areas. The organization has been awarded \$100,000 from Empire State Development for more arts and entertainment along the main street corridors in urban centers throughout the regions.

Mr. Ennis said the proposed project will include hiring two consultants to create a plan for the development of the Arts and Entertainment Districts in five CNY downtown areas. One will be a main Street Revitalization Consultant and the second will be a resource development strategist.

Mr. Ennis said they are requesting from SEDCO to provide bridge loan financing in the amount of \$100,000 with payback of the loan upon disbursement of the grant. This has a deadline of funds requested for disbursement by April 1, 2022.

Mr. Petraghani asked what the final product they must prepare to receive the ESD funds. Mr. Ennis said they are working with a consultant they put a report together and gave it to ESD.

Ms. Solomon asked if they have received commitment letters from any of the foundations they are applying to.

Mr. Ennis said he has the one from ESD and he didn't know the status of these other grants.

Mr. Gross said after reviewing their audit, their finances appeared to be strong.

Mr. Quigley asked if SEDCO presently has the resources need to cover itself for the next year.

Mr. Ennis said SEDCO currently has \$1.8 M unrestricted cash and the \$100,000 would be paid back to us by next year.

Mr. Gross said they are credit worthy.

Mr. Petraghani asked if there were any funding commitments from Onondaga County. Mr. Ennis said he has not seen any they are waiting to hear back from the Foundations.

Ms. Spillane asked for a motion requesting a bridge loan to finance an Art's & Entertainment District Planning grant from Empire State Development.

Mr. Petraghani made the motion. Mr. Gross seconded the motion. **ALL MEMBERS PRESENT UNANIMOUSLY APPROVED A REQUEST FOR A BRIDGE LOAN TO FINANCE AN ARTS & ENTERTAINMENT DISTRICT PLANNING GRANT TO CNY ARTS.**

SEDCO Agreement with SIDA re: Dey's Plaza

Review and vote to formalize the agreement with the Syracuse Industrial Development Agency regarding the loan repayment from Dey's Plaza LLC.

Mr. Ennis said this is the agreement between SEDCO/ SIDA to codify the status quo agreement that was originally made between the two organizations in 2009. SIDA has been paying the HUD 108 loan balance on SEDCO's behalf, and as written the agreement will require collected funds from Dey's Plaza LLC to be paid to SIDA.

Ms. Spillane said we have never had this executed, and SIDA approved this MOU at their last meeting.

Mr. Petragani asked if the SIDA board was happy with this arrangement Ms. Spillane said yes they are.

Mr. Vavonese said the principal \$351,000 owed directly to HUD, which is SIDA's obligation for the HUD 108 program. The balance will be paid in full in 2021.

Mr. Gross asked if #9 said anything about limited. Mr. Ennis said whatever we receive from Dey's Plaza LLC would be paid to SIDA, per the MOU language.

Mr. Driscoll asked where SEDCO comes in relation to this agreement.

Ms. Spillane said Dey's owes SEDCO approximately \$4.8M in outstanding principal, and therefore SEDCO owes SIDA approximately \$4.8 M. SEDCO is still responsible for this and is on the reflected as a payable in the audit. SIDA is seeking an agreement to formally write down what's happening with the repayment and spell out these terms. Then, if the either organization wanted to make any changes to the repayment structure, we have a base to work from.

What If Dey's didn't pay? Ms. Spillane said the receivable on our books we would have to rebook it.

Mr. Gross said that based on the MOU language as written SEDCO would owe SIDA \$4.8 M.

Mr. Patragani said it was never a problem before because Bank of New York was always there, however losing their largest commercial tenant has made this project more challenging.

Ms. Spillane said this is an M.O.U this codifies the status quo.

Mr. Gross said it doesn't clearly say how they have to repay the \$4.8 M.

Mr. Black noted those discussions likely may had been started years ago, but that everyone understood it was never in writing about what to do with the repayment if the project is unsuccessful.

Ms. Spillane stated it would need to be discussed at the next SIDA meeting to amend the MOU language.

Mr. Bottar stated that if Dey's stops paying SEDCO, then it should not hold SEDCO accountable for the full repayment of that balance amount.

Ms. Spillane asked if the Board would like to propose another item to include with the language regarding if Dey's Plaza LLC is unable to pay. She could not speak as to whether SIDA will go for that since it still reflects the \$4.8 M on their books as a receivable from SEDCO.

Mr. Gross said the \$4.8 M to SIDA should only be repaid if the money is received first from Dey's.

Ms. Spillane said she understands what everyone is saying. If the board would like to amend the MOU, she can take it to SIDA board. Obligation of SEDCO to pay SIDA is sole on collection from Dey's, however suggested a minimum payment amount could be offered so SIDA can gain something from the proposal.

Mr. Bottar said ideally the terms of this agreement should be put to bed now, because SIDA has no obligation beyond the HUD 108 amount that it owes.

Mr. Petraghani said he would think SIDA and SEDCO would want to be on the same page regarding the repayment, and agreed the terms of the amount owed to SIDA needs to be on paper.

Mr. Petraghani asked Mr. Black is this is worth a second agreement beyond the MOU presented today.

Ms. Spillane said she thinks Mr. Black is right, perhaps we need additional language in the agreement. Mr. Black said it will probably be in the MOU or attach an appendix with language so it's one agreement.

Mr. Petraghani asked if Mr. Black or Ms. Ryan could come up with some language to consider.

Ms. Spillane said she will talk with legal counsel, attempt to circulate language and take it back to the SIDA at their next meeting if that timeline is suitable.

Legal Services Review

Mr. Ennis said SEDCO distributed an RFP for legal services to represent the organization through the end of 2018. Based upon staff review from all of the proposals, the recommendation is to proceed with MacKenzie Hughes.

Mr. Ennis noted the Board did not have a quorum at our last meeting after an early departure from Mr. Mankiewicz so he would like to bring this back for a vote.

Mr. Bottar made a motion to approve Mackenzie Hughes as legal counsel for the remainder of 2018, Mr. Quigley seconded. Mr. Greene noted he would choose to abstain from the vote. **ALL BOARD MEMBERS PRESENT, WITH THE EXCEPTION OF MR. GREENE APPROVED TO PROCEED WITH MACKENZIE HUGHES AS LEGAL COUNSEL.**

VI. Adjournment

Ms. Spillane said if there is no further business to discuss I would like a motion to adjourn the meeting.

Mr. Petraghani made a motion. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS PESENT UNANIMOUSLY APPROVED TO ADJOURN THE MEETING AT 9:11 A.M.**



June 4, 2018

Memorandum To: SEDCO Board of Directors
From: Eric Ennis
Re: Water Street Bagel, Co. LLC
SEDCO Direct Loan Request - \$100,000.00

Background:

Luke Esposito and Meg Delles are launching a new business at 239 Water Street known as Water Street Bagel, Co. The goal is to create the first hand-rolled, wood fire bagel shop in Syracuse. After developing a business plan and projections for the new business, the owners are now working to secure financing to proceed with the project and open the new restaurant later this year. NBT Bank has already committed to provide \$150,000 and the remaining financing for the project is being requested from SEDCO.

Proposed Project:

The applicants would proceed with building out the ground floor retail space at 239 Water Street, which is owned by four partners, including Luke Esposito under Urban Realty Group. The property is currently undergoing renovations. In total, 1,200 square feet on the first level and basement will be retrofitted to accommodate the kitchen and hood system, along with customer area necessary for the business to operate. Two residential units and commercial office space are being built upstairs as a separate project, not included with the SEDCO loan.

Loan Request:

Water Street Bagel Co. is requesting \$100,000 to serve as gap financing to directly assist with the buildout of the space and add to the \$150,000 that has already been committed by NBT Bank.

Sources & Uses:

Project Budget:

a. Leasehold Improvements	\$ 215,450
b. Working Capital (3 months)	\$ 70,000
c. Point of Sale System	\$ 6,203
d. Advertising / Marketing	\$ 2,000
e. Professional Fees	\$ 4,000
f. <u>Other (Misc. items, design, HR matters):</u>	<u>\$ 18,550</u>
	\$ 316,203

Project Funding:

a. Cash Equity (20%)	\$ 66,203
b. NBT Bank	\$ 150,000
c. <u>SEDCO Direct Loan</u>	<u>\$ 100,000</u>
	\$ 316,203

Borrower:

The LLC has been formally created and a DBA has already been filed for the business. Luke Esposito and Meg Delles are joint owners of Water Street Bagel Co. LLC each with 50% ownership. The ownership of the building and the business are separate entities. Luke is a contractor with RF Esposito, which is completing the renovations and mixed-use conversion of the building at 239 Water Street, and Luke is part owner of the property. He has been involved in multiple real estate developments and worked with City staff on numerous occasions with adaptive reuse projects. His annual income is derived from these properties in addition to typical salary / wages. Both Luke and Meg are fully employed with personal savings they are investing into this project.

Recommendation:

Staff is recommending that the Board of Directors approve this request as presented. The borrower has already secured financing from NBT Bank to invest in the project. The remaining gap financing from SEDCO would directly assist in further extending the retail and small business vitality of Hanover Square. The business has outlined its financials and initial projections, and will occupy a building that is owned by one of the business partners.

The Loan Committee has reviewed the financials and the business plan, and an in-person meeting with the applicant was held to gather additional information about the project. Upon review, the Loan Committee recommended approval of the loan based upon the terms discussed.

Staff is recommending an interest rate of 3% be considered for this loan, with a term of 10 years. Additionally, staff is requesting the board consider an initial 6-month interest-only period upon closing while the project begins construction and principal payments would begin after 6-months. SEDCO could collateralize the loan with a UCC-1 filing on the equipment involved with the project. Per the terms of the NBT Bank letter, SEDCO would be required to subordinate to the NBT loan.



June 5, 2018

Memorandum To: SEDCO Board of Directors
From: Eric Ennis
Re: 1015 Hiawatha Blvd, LLC
SEDco Direct Loan Request - \$125,000.00

Background:

Industrial Tire and Syracuse Retreaders are two businesses owned by Dennis Beaudette, and located at 1015 Hiawatha Blvd. The business provided new and retread tires for commercial users for heavy duty vehicles. The property is paid off and owned directly by 1015 Hiawatha Blvd LLC. Dennis will be acquiring 844 Sixth North Street, and a closing has been scheduled for July 1, 2018. This new facility and land will allow Industrial Tire and Syracuse Retreaders to expand its operations and room to grow, given it has reached full capacity at the existing facility at 1015 Hiawatha. The site is tucked back in the industrial area north of NBT Bank Stadium, but has been a longtime eyesore with debris, impound vehicles etc. The site was largely used as a junkyard for scrap metal and other potential things for resale. This project seeks to clear out all of this old debris, add fencing / aesthetic improvements, and return the property back into productive use.

Proposed Project:

The project involves acquiring the building at 844 Sixth North Street from the current owner, and completing a series of renovations to the building to create a larger campus footprint for the two businesses. These renovations include new doors and windows, replacement of the HVAC system, and the installation of 10 garage bay doors that will be used for storage and delivery of tire inventory. The current owner, Nick Vitto, has agreed to hold the mortgage note on 344 Sixth North, and allow the LLC to make payments toward the mortgage.

Loan Request:

1015 Hiawatha Blvd, LLC is requesting \$125,000 to serve as direct financing to assist Industrial Tire and Syracuse Retreaders with the renovations at 844 Sixth North Street and the expansion of the business into the soon-to-be acquired property.

Sources & Uses:

Project Budget:

a. Property Acquisition	\$ 400,000
b. Crushed limestone	\$ 16,000
c. HVAC	\$ 97,604
d. Landscaping / site improvements	\$ 25,000
e. Lighting	\$ 8,745
f. Windows & glazing	\$ 16,400
g. <u>Garage doors replacement</u>	<u>\$ 22,445</u>
	\$ 586,194

Project Funding:

a. Cash Equity (20%)	\$ 86,194
b. Mortgage held by Nick Vitto	\$ 375,000
c. <u>SEDCO Direct Loan</u>	<u>\$ 125,000</u>
	\$ 586,194

Borrower:

The LLC is the property owner for both 1015 Hiawatha Blvd and will be soon for 844 Sixth North Street. The building at 1015 is paid off with no debt leveraged against the property. The businesses of Industrial Tire and Syracuse Retreaders are tied to the investment needed for the project. Syracuse Retreaders is the larger business of the two, with Gross sales exceeding \$4 Million in 2016. After all expenses, the company generated a Net Profit of \$234,960 the same year. In 2017, Syracuse Retreaders saw a net profit of \$95,299. Industrial Tire saw a loss in 2016 as well as in 2017, which is due to significant debt expenses that are included in order to pay off equipment debt over the next five years. In total, the two businesses were overall profitable in both 2017 and 2016, with sales income exceeding the cost of goods sold.

Recommendation:

Staff is recommending that the Board of Directors consider the request for the full \$125,000 amount as presented. The loan would directly assist with the expansion of an existing business with site improvements to an industrial area that has been underutilized and a community eyesore for decades. The business shows growth which is projected to continue with additional space and capacity needed to expand and improve.

Staff is recommending an interest rate of 3% be considered for this loan, with a term of 10 years. SEDCO has the opportunity to place a mortgage lien on the property at 1015 Hiawatha Boulevard to collateralize the loan.

The Loan Committee conducted a review of the financial information and application, and inquired about the environmental status. The applicant provided a Phase I which was performed on the property at 1015 Hiawatha Boulevard property when it was originally acquired by the applicant with a mortgage from Geddes Federal Savings. The Phase I was used to verify the environmental status on the building, which has since been paid off and released. Beyond the environmental questions, the Loan Committee expressed support for SEDCO executing this loan.



June 5, 2018

Memorandum To: SEDCO Board of Directors
From: Eric Ennis, Executive Director
Re: Dey's Repayment Agreement to SIDA

Background:

On May 29, a meeting was held with representatives of the Syracuse Industrial Development Agency (SIDA), as well as SEDCO, in addition to staff and the legal counsel for both organizations. Discussions were held regarding how a memorandum of understanding (MOU) can be executed with terms found acceptable by both organizations. On behalf of SEDCO, the meeting included the following representatives: Eric Ennis as Executive Director, Richard Driscoll as Vice President, and Richard Engel of Mackenzie Hughes as legal counsel. Honora Spillane was also in attendance, representing SIDA as Executive Director and SEDCO as Board President.

The discussion was centered on the last SEDCO Board Meeting in May, when concerns were expressed by numerous directors regarding the terms specified that SEDCO would be required to repay SIDA in the event the remaining balance owed to SEDCO from Dey's Plaza LLC is not recovered. Specifically, section 2.01 (3) and (9) of the initial MOU (included in the June 7 SEDCO Board Package for reference) would require the organization to repay funds it does not have presently available in unrestricted cash. Since SIDA's board already voted to approve the original language as written, SEDCO must submit a proposal to SIDA for consideration of how to address the repayment of assets from Dey's Plaza LLC. Additionally, it was agreed by both representatives from SIDA and SEDCO at the May 29 meeting that an addendum to the MOU should be drafted to legally specify the amount owed to SIDA on behalf of the Dey's project.

Recommendation:

For this reason, staff is recommending the Board of Directors use the time allotted during its scheduled June meeting to discuss and consider terms of a new proposal to the SIDA Board of Directors. During the June 7 meeting, staff will also outline a leading option that was discussed on May 29: SEDCO could agree to immediately repay SIDA for the remaining balance of the HUD 108 payments owed through 2021, which is approximately \$371,593 when including interest. In return, SIDA would agree to forgive the remaining balance of the payable from SEDCO. Pursuit of this option would guarantee a portion of funds be repaid to SIDA and cover the agency's obligation to HUD, while preventing SEDCO from being liable to SIDA for funding it does not presently have.

If the SEDCO Board of Directors can collectively agree to requested terms, a proposal would be drafted and submitted to SIDA for consideration during their June meeting. SEDCO staff will work with Mackenzie Hughes to draft language outlining the terms and conditions discussed by the SEDCO Board of Directors. A new version of the MOU and addendum would be presented to SIDA during the agency's next meeting later in June.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“**MOU**”), dated April __, 2018 is between the City of Syracuse Industrial Development Agency, a body corporate and politic and a public instrumentality of the State of New York, having its office at 201 East Washington Street, 7th Floor, Syracuse, New York 13202 (the “**Agency**”) and the Syracuse Economic Development Corporation, a New York not for profit corporation with an office located at 201 East Washington Street, 6th Floor, Syracuse, New York 13202 (“**SEDCO**”). The Agency and the SEDCO are each referred to as a “**Party**” and collectively the “**Parties**”.

RECITALS:

WHEREAS, the Agency is a New York public benefit corporation is authorized and empowered by Title I of Article 18-A of the General Municipal Law of the State of New York (the “**State**”), as amended, together with Chapter 641 of the Laws of 1979 of the State of New York, as amended from time to time (collectively, the “**Act**”) to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of civic facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration.

WHEREAS, SEDCO is a not for profit corporation, incorporated under Section 402 of the New York Not-for-Profit Corporation Law (the “**NFP Law**”) as a Type C corporation (as defined in Section 201 of the NFP Law) to, among other things, encourage and retain business and industry, expand residential, commercial, industrial and manufacturing in the City of Syracuse, New York (the “**City**”), create employment opportunities and develop programs to advance economic development in the City; and

WHEREAS, SEDCO (through two related entities) held fee title to certain property, commonly known as the Dey’s Brothers’ Building, located at 401 South Salina Street (the “**Building**”) which required significant renovations (the “**Renovations**”); and

WHEREAS, in order to undertake the Renovations, in 1996, SEDCO requested the Agency lend SEDCO approximately \$14,045,000 which funds were secured through the HUD-108 guarantee loan program (24 CFR 570 Subpart M, Loan Guarantees) offered by the US Department of Housing and Urban Development Agency (the “**HUD 108 Loan**”); and

WHEREAS, In consideration for the Agency agreeing to loan SEDCO the funds necessary to undertake the Renovations, SEDCO agreed to repay the HUD 108 Loan by remitting payments equal to debt service on the HUD 108 Loan to the Agency (the “**HUD 108 Loan Receivable**”); and

WHEREAS, in or about December 2009, SEDCO sold the Building to Dey's Plaza LLC, a private developer (“**Deys**”) for a total of approximately \$6,700,000; of which approximately \$1,200,000 was paid in cash and the remaining approximately \$5,500,000 was financed through SEDCO and secured by two subordinate mortgages from Deys or an affiliate; one in the amount

of \$2,500,000 and the second in the amount of \$3,000,000 (collectively, the “*Deys Mortgages*”); and

WHEREAS, the financing terms associated with the Deys Mortgages included aggregate monthly payments of principal and interest in the amount of \$23,188.22 amortized over 15 years with an aggregate balloon payment due on January 1, 2025 in the amount of \$3,711,228.12 (collectively, the “*Payments*”); and

WHEREAS, upon information and belief, based upon a review of meeting minutes, resolutions and recollections of those working for either the Agency and/or SEDCO at that time, an agreement was made between SEDCO and the Agency to pass the Payments received by SEDCO onto the Agency in order to pay SEDCO’s debt service on the HUD 108 Loan Receivable (the “*Deys Terms*”); and

WHEREAS, in June 2012 the Agency agreed to forgive a portion of the HUD 108 Loan Receivable from SEDCO in the approximate amount of \$10,425,650.00 (the “*Loan Forgiveness*”) in consideration of a one-time payment of approximately \$430,000.00 from SEDCO, leaving a loan receivable due from SEDCO to the Agency in the amount of \$5,500,000¹ plus any and all accrued interest and penalties through the HUD Maturity (as defined herein) (the “*SEDCO Receivable*”). This action was taken in recognition of SEDCO’s inability to support the debt service on the HUD 108 Loan Receivable coupled with the sale of the Building at a loss; and

WHEREAS, since 2009-2010, upon receipt from Deys, SEDCO has transferred the Payments to the Agency to pay down the SEDCO Receivable. SEDCO will continue to transfer funds until such time as the SEDCO receivable is satisfied; and

WHEREAS, the Payments, which have totaled approximately \$1,659,866, coupled with the use by the Agency of its own funds, has reduced the HUD 108 Loan Receivable. The current HUD 108 Loan Receivable is approximately \$351,000.00² plus interest. The HUD 108 Loan has a final maturity of August 1, 2021(the “*HUD Maturity*”) with the following payments due as indicated below:

Year	Principal	Interest	Total
2018	154,000	10,945	164,945
2019	165,000	6,746	171,746
2020	16,000	1,931	17,931
2021	16,000	971	16,971

; and

¹ Notwithstanding the Loan Forgiveness, the Agency remained liable for the full HUD 108 Loan Receivable.

² Since 2009, the Agency has paid, at a minimum, approximately \$10,425,650.00 of its own funds, exclusive of any monies received from SEDCO as Payments or otherwise, towards the debt service on the HUD 108 Loan Receivable.

WHEREAS, as a result of continuing conversations with Deys and staff from both the Agency and SEDCO, it has come to the Parties' attention that the agreement between SEDCO and the Agency reflecting the Deys Terms at the time of the December 2009 sale of the Building was never memorialized; and

WHEREAS, the parties are desirous of memorializing the history of the HUD 108 Loan, the HUD 108 Loan Receivable, the Loan Forgiveness, SEDCO's Receivable, the Deys Terms and the current status of the obligations of the Parties.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and undertakings contained herein and for other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Agency and SEDCO, each hereby agree as follows:

ARTICLE I RECITALS AND DEFINITIONS

Section 1.01 Incorporation of Recitals. The foregoing recitals are incorporated herein by reference, as if fully and completely set out, and are subject to the actual terms of this document.

Section 1.02 Defined Terms. All capitalized terms shall have the meanings ascribed herein.

ARTICLE II GENERAL TERMS, CONDITIONS AND OBLIGATIONS

Section 2.01 Terms of Agreement. The Parties agree that the following terms are accurate and correct to the best of the Parties' ability to discern based upon all of their respective records; and the Parties further agree and acknowledge that these terms reflect the agreement and obligations between the Parties as they relate to the HUD 108 Loan, the HUD 108 Loan Receivable, the Loan Forgiveness, SEDCO's Receivable, the Deys Terms and the current status of the obligations of the Parties; and same shall be binding upon the Parties, notwithstanding any later discovered materials or documents:

1. SEDCO was originally obligated to pay the Agency debt service on the HUD 108 Loan based upon a principal amount of \$14,045,000 plus interest (the HUD 108 Loan Receivable); and
2. At the request of SEDCO, the Agency forgave \$10,425,650.00 of the HUD108 Loan Receivable owed by SEDCO (the Loan Forgiveness); and
3. Following the Loan Forgiveness, SEDCO remained obligated to repay the Agency \$5,500,000 plus any and all accrued interest and penalties through the HUD Maturity (the SEDCO Receivable); and

4. Since 2012, SEDCO has remitted \$1,659,866 towards the SEDCO Receivable; and
5. Notwithstanding the Loan Forgiveness, the Agency remained obligated to pay 100% of the HUD 108 Loan Receivable; and
6. The Agency agreed to accept, and SEDCO agreed to remit, the Payments received from Deys on the Deys Mortgage to be used toward the payment of the SEDCO Receivable on the HUD 108 Loan in the amounts set forth herein; and
7. The Agency has continued to utilize its own funds to timely meet the obligations under the HUD 108 Loan, including but not limited to, the Payments transferred from SEDCO; and
8. At a minimum, the Agency has dedicated approximately \$10,425,650.00 of its own funds to the repayment of the HUD 108 Loan; and
9. Notwithstanding the use by the Agency of its own funds to repay the HUD 108 Loan Receivable, or the actual HUD Maturity, SEDCO remains liable to the Agency for the repayment, in full, of the SEDCO Receivable.

ARTICLE III REPRESENTATIONS AND COVENANTS

Section 3.01 Agency's Representations and Covenants. The Agency makes the following representations to SEDCO as the basis for the undertakings on its part herein contained:

(a) The Agency is duly established under the provisions of the Act and has the power to enter into this MOU and to carry out its obligations hereunder. By proper official action, the Agency has been duly authorized to execute, deliver, and perform this MOU.

(b) Neither the execution and delivery of this MOU, the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the provisions of this MOU by the Agency will conflict with or result in a breach by the Agency of any of the terms, conditions, or provisions of the Act, the By-Laws of the Agency, or any order, judgment, restriction, agreement, or instrument to which the Agency is a party or by which it is bound or will constitute a default by the Agency under any of the foregoing.

(c) This MOU constitutes, or upon execution and delivery in accordance with the terms hereof will constitute, valid and legally binding obligation of the Agency, enforceable in accordance with its terms.

Section 3.02 SEDCO's Representations and Covenants. SEDCO makes the following representations to the Agency as the basis for the undertakings on its part herein contained:

(a) SEDCO is duly established under the provisions of the NFP Law and has the power to enter into this MOU and to carry out its obligations hereunder. By proper official action, the Agency has been duly authorized to execute, deliver, and perform this MOU.

(b) Neither the execution and delivery of this MOU, the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the provisions of this MOU by SEDCO will conflict with or result in a breach by SEDCO of any of the terms, conditions, or provisions of the NFP Law, the By-Laws of SEDCO, or any order, judgment, restriction, agreement, or instrument to which SEDCO is a party or by which it is bound or will constitute a default by SEDCO under any of the foregoing.

(c) This MOU constitutes, or upon execution and delivery in accordance with the terms hereof will constitute, valid and legally binding obligation of SEDCO, enforceable in accordance with its terms.

ARTICLE IV MISCELLANEOUS

Section 4.01 Binding Effect.

This MOU shall inure to the benefit of and shall be binding upon the Agency and SEDCO and upon their respective heirs, successors and assigns.

Section 4.02 Execution of Counterparts.

This MOU may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 4.03 Entire Agreement.

This MOU contains the entire agreement between the Parties with respect to the HUD 108 Loan and its repayment and all prior negotiations and agreements are merged therein.

Section 4.04 Notice.

All communications, notices and disclosures required or permitted by this Agreement shall be in writing, shall be provided to the other Party and shall be deemed to have been given at the earlier of the date when actually delivered to the other Party or when deposited in the United States mail, certified or registered mail, postage prepaid, return receipt requested, by hand delivery, by overnight courier service with signed receipt or by facsimile transmission (with written confirmation of receipt thereof), and addressed as follows, unless and until either Party notifies the other Party of a change of address:

If to the Agency:

City of Syracuse Industrial Development Agency
201 E. Washington Street
7th Floor
Syracuse, New York 13202
Attn: Chairman

If to SEDCO:

201 E. Washington Street
6th Floor
Syracuse, New York 13202
Attn: President

Section 4.05 No Liability

No covenant, stipulation, obligation or agreement contained in this MOU shall be deemed to be the covenant, stipulation, obligation or agreement of any member, officer, agent or employee of either Party in his or her individual capacity.

Section 4.06 Governing Law and Jurisdiction

This MOU will be governed by and interpreted exclusively under the laws of the State of New York, without regard to its choice of law rules. The Parties will comply with all applicable federal, state and local laws and regulations with respect to this MOU. In case of any dispute concerning or arising out of this MOU that cannot be resolved by the Parties in good faith, such dispute shall be finally settled and venue shall be exclusively held in any appropriate state or federal court in the County of Onondaga, State of New York. Each Party consents to exclusive jurisdiction and venue of such courts.

Section 4.07 Miscellaneous

a. No amendment or modification of this MOU shall be valid or binding upon the Parties unless in a writing executed by both of the Parties.

b. This MOU may be signed in one or more counterparts, each of which shall be deemed to be an original and all of which when taken together shall constitute the same MOU. Any signed copy of this MOU made by photocopy, facsimile or Adobe PDF format shall be considered an original.

c. All agreements drafts, memoranda, if any, and other communications respecting the agreements or activities related hereto prepared or exchanged in the course of negotiations, even if signed by one or all Parties, shall be considered only preliminary and shall not be legally binding unless subsequently incorporated into an amended MOU.

d. Each Party has obtained the necessary and requisite approvals from each governing board of each Party prior to the execution of this MOU and has provided the other Party with a copy of such approving resolution.

IN WITNESS WHEREOF, each Party has caused this MOU to be signed on the date first written above by its duly authorized representative as follows:

**CITY OF SYRACUSE INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Michael Frame, Chairman

**SYRACUSE ECONOMIC DEVELOPMENT
CORPORATION**

By: _____
Richard Driscoll, Vice President

June 2018 Loan Portfolio Report

Revision Date: 6/1/18							
Account Number	Description	4/30/2018	Principal Payments	5/31/2018	Servicer3D Balance	Delinquency	MATURITY DATE
1322-00000-000	INCUBATOR CENTER ASSOCIATES	60,000.00	0.00	60,000.00	0		
1463-00000-000	WILLOW STREET LOFTS, LLC	369,000.06	0.00	369,000.06	369,000.06		7/1/2027
1471-00000-000	RHS HOLDINGS LLC	31,127.76	295.99	30,831.77	30,831.77		9/1/2026
1486-00000-000	JEFFERSON CLINTON COMMONS, (B)	566,431.14	0.00	566,431.14	566,431.14	3337.49	5/1/2035
1487-00000-000	JEFFERSON CLINTON COMMONS (A)	858,130.80	0.00	858,130.80	858,130.80	10627.24	10/1/2044
1489-00000-000	123 EAST WATER STREET LLC	19,170.99	236.76	18,934.23	18,934.23		9/1/2029
1490-00000-000	JEFFERSON CLINTON COMMONS (C)	900,000.00	0.00	900,000.00	900,000.00		9/1/2037
1493-00000-000	BALLE 31 INC.	118,917.91	1,166.04	117,751.87	117,751.87		2/1/2031
1511-00000-000	PEOPLE'S COMMUNITY DEV CORP	4,997.04	500.00	4,497.04	4,497.04		6/1/2021
1518-00000-000	NEW AFRICA OF SYRACUSE INC	27,555.68	0.00	27,555.68	27,555.68		6/1/2028
1520-00000-000	NEW AFRICA OF SYRACUSE (II)	30,892.22	0.00	30,892.22	30,892.22		6/1/2028
1522-00000-000	NEAR WESTSIDE INITIATIVE	71,517.93	511.79	71,006.14	71,006.14		4/1/2028
1523-00000-000	BLUE DOT REALTY	766,704.00	0.00	766,704.00	0.00		
1525-00000-000	STRATHMORE HUNTLEY GROUP	93,119.93	321.80	92,798.13	92,798.13		5/1/2036
1526-00000-000	DOMINICK'S MARKET INC	15,713.34	141.63	15,571.71	15,571.71		5/1/2026
1527-00000-000	COMER CATERING	24,446.05	0.00	24,446.05	24,446.05	1663.05	5/1/2026
1530-00000-000	RJB PROPERTIES (CDBG MAIN ST)	40,000.00	0.00	40,000.00	40,000.00		1/14/2021
1531-00000-000	SWALLOW'S RESTAURANT	12,000.00	0.00	12,000.00	12,000.00		7/20/2020
1532-00000-001	JERK HUT MATCH LOAN	6,650.00	0.00	6,650.00	6,650.00		2/1/2022
1532-00000-002	JERK HUT (CDBG MAIN ST)	45,296.39	0.00	45,296.39	45,296.39		11/8/2022
1534-00000-000	NEAR WESTSIDE INIT UNIT 4	90,975.96	463.14	90,512.82	90,512.82		9/1/2031
1535-00000-000	511-513 N STATE ST	10,000.00	0.00	10,000.00	10,000.00		2/4/2021
1537-00000-000	CERIO I (CDBG MAIN ST)	22,960.00	0.00	22,960.00	22,960.00		5/19/2022
1539-00000-000	CERIO II (CDBG MAIN ST)	8,000.00	0.00	8,000.00	8,000.00		5/19/2022
1540-00000-002	B&B LOUNGE (CDBG MAIN ST)	42,900.00	0.00	42,900.00	42,900.00		1/1/2023
1541-00000-001	PEPPINOS OFFICE (CDBG MAIN ST)	18,000.00	0.00	18,000.00	18,000.00		5/19/2022
1542-00000-001	PEPPINOS STORE (CDBG MAIN ST)	50,000.00	0.00	50,000.00	50,000.00		11/1/2022
1544-00000-000	PROVIDENCE SERVICES	12,177.05	239.09	11,937.96	11,937.96		4/1/2022
1545-00000-001	500 SOUTH AVE MATCH LOAN	9,901.01	184.32	9,716.69	9,716.69	394.17	11/1/2022
1545-00000-002	500 SOUTH AVE (CDBG MAIN ST)	37,500.00	0.00	37,500.00	37,500.00		4/27/2022
1546-00000-000	713-715 NORTH SALINA LLC	25,000.00	25,000.00	0.00	-		3/31/2018
1547-00000-000	FREEDOM OF ESPRESSO	60,554.57	694.26	59,860.31	59,860.31	2773.76	9/1/2024
1548-00000-000	ACROPOLIS PROPERTY MGMT	44,545.22	787.07	43,758.15	43,758.15		9/1/2022
1549-00000-000	SALON AMARE	45,576.25	744.96	44,831.29	44,831.29		1/1/2023
1550-00000-000	499 SYRACUSE CITY CENTRE	96,902.39	1,554.61	95,347.78	95,347.78		2/1/2023
	TOTAL	4,636,663.69	32,841.46	4,603,822.23	3,777,118.23	18,795.71	