



To: SEDCO Board of Directors
From: Eric Ennis
Date: July 10, 2018
Re: SEDCO Board of Directors Meeting Agenda – July 12, 2018

The City of Syracuse Economic Development Corporation (SEDCO) Board of Directors Meeting on **Thursday, July 12, 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 June 7, 2018 Board meeting

V. New Business –

Nominate SEDCO Treasurer – Nora Spillane – 3

Vote to approve Nicholas Petragani for the role of SEDCO Treasurer

SEDCO Agreement with SIDA re: Dey's Plaza – Eric Ennis – 4

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

Attachments:

1. *Agreement between SEDCO and SIDA*

Knowing Tree LLC– Eric Ennis – 5

Request for direct loan financing to fill a gap for a new concept restaurant with committed financing from Key Bank.

Attachment:

1. *Memo to Board*

SEDCO Lending Standard Rate Discussion – Eric Ennis – 6

Review and discussion of SEDCO standard lending rate and terms.

South Avenue Pedestrian / Streetscape Improvements – Eric Ennis – 7

Discussion regarding the use of funds on a SEDCO loan repayment for the South Avenue Business Corridor.

VII. Adjournment



PLEASE POST PLEASE POST PLEASE POST

THE SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

BOARD OF DIRECTORS HAS SCHEDULED

A

MEETING

FOR

THURSDAY JULY 12, 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 June 7, 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, Richard Driscoll, Nick Petraghani, Hon. Michael Greene, David Mankiewicz, Katie Sojewicz.

Board Members Excused: Sheena Solomon, David Bottar

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

I. Call Meeting to Order

Ms. Spillane called the meeting to order at 8:30 am.

II. Roll Call

Ms. Spillane welcomed the new Board member Katie Sojewicz and went around so everyone could introduce themselves.

III. Proof of Notice

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

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

Ms. Spillane asked for a motion approving the minutes from the May 10, 2018 Board of Directors meeting.

Mr. Petraghani made the motion. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MINUTES FROM THE MAY 10, 2018 BOARD OF DIRECTORS MEETING.**

V. New Business

Water Street Bagel Co. LLC

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

Mr. Ennis said this is going to be a wood fire bagel restaurant located at 239 Water St owned by four partners one of which is Luke Esposito and his fiancée Meg Dellas from the Dellas family here in Syracuse that own Varsity Pizza ad Faegans near the University. Mr. Ennis said Meg will be managing and working in the restaurant every day. After developing a business plan they are working on securing the financing.

Mr. Ennis said NBT has committed \$150,000 and the remaining financing for the project is being requested from SEDCO. They are requesting \$100,000 to serve as gap financing to directly assist with the buildout.

Mr. Driscoll said he had worked with Luke and found out that Meg was from the Dellas family from here in Syracuse and figured they have been in the restaurant business for years, and Meg ran Varsity pizza for years so she would sure know what she is doing running a bagel restaurant. I think the families would be there if it was to fail, and noted he is supportive of it.

Mr. Mankiewicz asked if Meg was going to run it. Mr. Ennis said yes Meg is going to manage it she will be there full time.

Mr. Quigley said he is very committed also I think it's a very good project.

Mr. Gross said it's a lot of money for a bagel shop but they have improved that area with the apartments and now this that area looks good.

Ms. Spillane asked for a motion for direct loan financing to fill a gap for a startup bagel restaurant with committed financing from NBT Bank.

Mr. Quigley made the motion. Mr. Mankiewicz seconded the motion. **ALL BOARD MEMBERS PRESENT WITH THE EXCEPTION OF MR. DRISCOLL (WHO ABSTAINED) UNANIMOUSLY APPROVED FOR DIRECT LOAN FINANCING TO FILL A GAP FOR A STARTUP BAGEL RESTAURANT WITH COMMITTED FINANCING FROM NBT BANK.**

1015 Hiawatha Blvd LLC

Request for direct loan financing for acquisition and expansion of two existing businesses at 344 Sixth North Street.

Mr. Ennis said these are two businesses located at 1015 Hiawatha Blvd. The business is a retread tires for commercial users for heavy duty vehicles. Dennis Beaudette will be acquiring 344 Sixth North Street and the closing is scheduled for July 1, 2018. This will allow Industrial Tire and Syracuse Retreaders to expand its operation and room to grow.

Nick Vitto who owns the property has agreed to hold the mortgage note on 344 Sixth North St, and allow the LLC to make payments toward the mortgage.

Mr. Ennis said the loan request for 1015 Hiawatha Blvd, LLC is for \$125,000 to serve as direct financing to assist Tire and Syracuse Retreaders and the renovations at 344 Sixth North St and the expansion of the business into the soon-to-be acquired property. Mr. Beaudette wants everything in one area.

Mr. Ennis said there could be some environmental issues, a Phase 1 done and Phase 2 and environmental assessment was last completed in 2008. There was a spill about 10 years ago but that was so long ago. Mr. Quigley asked how we could do this and protect ourselves. Mr. Petragani said it's only on 1015 that we have the mortgage. Mr. Gross said we have no mortgage on the other one. You're getting the mortgage on 1015 and concerned about environmental. Mr. Patragani said you would think he would want environmental on 344.

Mr. Gross said they are going to pay a lot for a phase one and then they'll need a Phase 2. I would say this is based on his guarantee and history.

Mr. Driscoll said you can tell it's going to need a Phase 2.

Mr. Gross said we should take the mortgage as abundance. I think it's important to support this guy.

Mr. Ennis said if he cannot get this parcel he would have to move his whole business.

Ms. Spillane asked for a motion requesting for direct loan financing for acquisition and expansion of two existing businesses at 344 Sixth North Street.

Mr. Petragani made the motion. Mr. Gross seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE REQUEST FOR DIRECT LOAN FINANCING FOR ACQUISITION AND EXPANSION OF TWO EXISTING BUSINESSES AT 344 SIXTH NORTH STREET.**

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 the purpose of this agreement is to properly outline and document what SEDCO is responsible for with regards to repayment to SIDA. During a discussion with the staff they had agreed to repay SIDA immediately for the remaining balance of the HUD 108 payments owed through 2021, which is approximately \$371,593 including interest. In return SIDA would agree to forgive the remaining balance of the payable from SEDCO. Mr. Ennis said if the SEDCO Board of Directors can agree on the requested terms, a proposal would be drafted and submitted to SIDA for consideration during their June meeting. SEDCO will work with McKenzie Hughes outlining the language and the terms and conditions discussed by SEDCO Board of Directors. Mr. Ennis said there will be a new version of the MOU and addendum would be presented to SIDA during the agency's next meeting later in June.

Mr. Ennis asked the SEDCO board what they are comfortably with telling SIDA. Mr. Driscoll said SIDA had paid several thousands of dollars. To be done with that we should consider paying the \$371,000 then every dime that comes in would come to us.

Ms. Spillane said SIDA would also like to come to a final agreement both sides can agree with.

Mr. Petragnani asked to clarify whether SEDCO would owe anything if the loan were to default.

Ms. Spillane said anything going forward would be clear. Mr. Quigley asked if SEDCO would have to pay the interest. Mr. Ennis said yes we have to pay the interest on the remaining HUD 108 balance. Mr. Quigley said it sounds like a reasonable proposal.

Mr. Engel noted this will be important for book keeping. Time has probably come SIDA will want the \$371,000 to come back into their revolving fund and back out the door.

Mr. Engel asked about if Deys was sold. Mr. Driscoll said he thinks SEDCO should then the sole recipient of the loan funds repaid after this agreement is executed.

Mr. Ennis said Rich made a good point that both organizations are on the same team and to create a positive outcome for both sides, we have collective interest on our own projects.

Mr. Greene asked if there was any update regarding Deys.

Ms. Spillane said they may have a new partner and make more apartments. Mr. Ennis said they were still making consistent interest-only payments.

Mr. Ennis said based upon the language SEDCO is requesting to remove from item's #3 and #9 and an amendment would be done for the remaining for Deys Plaza LLC loan balance. The board agreed to the summary of the terms requested.

Ms. Spillane asked for a motion to review and vote on formalizing the agreement with the Syracuse Industrial Development Agency regarding the loan repayment from Dey's Plaza LLC.

Mr. Driscoll made the motion. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO REVIEW AND VOTE ON FORMALIZING THE AGREEMENT WITH THE SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY REGARDING THE LOAN REPAYMENT FROM DEY'S PLAZA LLC.**

VII. Adjournment

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

Mr. Petragnani made a motion. Mr. Quigley seconded the motion. **ALL BOARD MEMBERS PESENT UNANIMOUSLY APPROVED TO ADJOURN THE MEETING AT 9:34 A.M.**

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“*MOU*”), dated June ___, 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, 6th 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. Since 2012, SEDCO has remitted \$1,659,866 towards the SEDCO Receivable; and
4. Notwithstanding the Loan Forgiveness, the Agency remained obligated to pay 100% of the HUD 108 Loan Receivable; and

5. 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
6. 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
7. 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
8. Notwithstanding the use by the Agency of its own funds to repay the HUD 108 Loan Receivable, or the actual HUD Maturity, in an effort to: (i) address the outstanding obligations between the parties; (ii) clarify the accounting records of each party; and (iii) allow the parties to have certainty regarding these outstanding obligations, the parties hereby agree that: (A) SEDCO shall, within thirty (30) days of the execution hereof, pay to the Agency \$351,000, plus accrued interest through the date of the HUD Maturity, representing the outstanding principal amount of the HUD 108 Loan Receivable; (B) any future payments received by SEDCO from Deys, shall be retained by SEDCO and used solely to recapitalize SEDCO's revolving loan program to provide loans to businesses within the City of Syracuse all in furtherance of SEDCO's mission; and (C) SEDCO shall account to SIDA for all payments received by Deys and shall account to SIDA for all loans made from such proceeds on an annual basis commencing at the end of 2018. In consideration for SEDCO's payment of the HUD 108 Loan Receivable, plus interest as set forth hereinabove, to the Agency, the Agency hereby forgives and releases SEDCO from any obligation to repay the Agency the remaining balance due on 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



July 10, 2018

Memorandum To: SEDCO Board of Directors
From: Eric Ennis
Re: Knowing Tree LLC
SEDCO Direct Loan Request - \$125,000.00

Background:

Eve DeRosa and Adam Anderson are launching a new business at 118 East Genesee Street known as Eden. The restaurant is an upscale-casual concept in the historic Flagship Securities Building in Hanover Square in Downtown Syracuse. The owners have developed an extensive business plan, and produced projections for the restaurant. Eve and Adam are now working to secure financing to proceed with the project and open the new restaurant later this summer. Key Bank holds a mortgage on the building at 118 East Genesee Street has already committed to provide \$150,000 through a credit line and the remaining financing for the project is being requested from SEDCO.

Proposed Project:

The applicants would proceed with building out the ground floor space in Hanover Square, which is owned by Knowing Tree LLC. The ground floor space is currently undergoing renovations. In total, approximately 1,670 square feet on the first level will be retrofitted to accommodate the kitchen and hood system for Eden Restaurant, along with customer area necessary for the business to operate. The restaurant will be led by Executive Chef Richard Strub, who has years of experience working in restaurants in Vermont and Utica before coming to Syracuse. VIP Structures has been retained to complete the design and plans for the project. The building also contains one residential unit upstairs and a second floor commercial space. No renovation of these spaces is being included as part of the initial restaurant project, however may consider a future expansion of the restaurant to the second floor space.

Loan Request:

Knowing Tree LLC is requesting \$125,000 to serve as gap financing to directly assist with the buildout of the space and add to the \$150,000 in capital that has already been committed by Key Bank.

Sources & Uses:

Project Budget:

a. Leasehold Improvements	\$ 218,794
b. Site Work / Demolition	\$ 18,000
c. Equipment	\$ 125,154
d. Furniture & Fixtures	\$ 9,000
e. Professional Fees	\$ 23,500
f. <u>Other (City permit review fees):</u>	<u>\$ 3,500</u>
	\$ 397,948

Project Funding:

a. Cash Equity (31%)	\$ 122,948
b. NBT Bank	\$ 150,000
c. <u>SEDCO Direct Loan</u>	<u>\$ 125,000</u>
	\$ 397,948

Borrower:

The LLC was formally established in 2014 at the time of the acquisition of the property at 118 East Genesee Street. Eve DeRosa and Adam Anderson are joint owners of Knowing Tree LLC each with 50% ownership. The ownership of the building and the business are both under Knowing Tree LLC. Both Eve and Adam are faculty members of Cornell University, and collect additional income from renting the upper residential unit when they do not reside there. Eve and Adam have a primary residence in Manlius, and also own two properties in Ontario, Canada, as well as an additional rental property in the city of Syracuse.

Recommendation:

Staff is recommending that the Loan Committee approve this request as presented. The borrower has already secured financing through the credit line with Key Bank to invest in the project. The owners are taking a making a considerable investment that exceeds 30% of the project cost; however their total net worth shows proves the financial capability to pay back the loan. The remaining gap financing from SEDCO would directly assist in adding to the available food and dining options in Hanover Square and Syracuse's central business district. The business has outlined its financials and initial projections, and will occupy a building that is owned by the applicant and its principals. The applicant also projects the creation of approximately 12 new jobs as part of the opening of the restaurant.

Staff is recommending an interest rate of 3% be considered for this loan, with a term of 10 years. SEDCO could collateralize the loan with a UCC-1 filing on the equipment involved with the project and have a first position lien on these items.

July 2018 Loan Portfolio Report

Revision Date: 7/1/18										
Account Number	Description	6/30/2018	New Issuances	Principal Payments	7/31/2018	Servicer3D Balance	Delinquency	Difference	Notes	MATURITY DATE
1322-00000-000	INCUBATOR CENTER ASSOCIATES	60,000.00	0.00	0.00	60,000.00	0		(60,000.00)	Write down 10,000 per year 2/13	02/13/2024
1463-00000-000	WILLOW STREET LOFTS, LLC	369,000.06	0.00	0.00	369,000.06	369,000.06		-		07/01/2027
1471-00000-000	RHS HOLDINGS LLC	31,127.76	0.00	295.99	30,831.77	30,831.77		-		09/01/2026
1486-00000-000	JEFFERSON CLINTON COMMONS, (B)	566,431.14	0.00	0.00	566,431.14	566,431.14	1852.49	-		05/01/2035
1487-00000-000	JEFFERSON CLINTON COMMONS (A)	858,130.80	0.00	0.00	858,130.80	858,130.80	5801.12	-		10/01/2044
1489-00000-000	123 EAST WATER STREET LLC	19,170.99	0.00	236.76	18,934.23	18,934.23		-		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.	118,917.91	0.00	1,166.04	117,751.87	117,751.87		-		02/01/2031
1511-00000-000	PEOPLE'S COMMUNITY DEV CORP	4,997.04	0.00	500.00	4,497.04	4,497.04		-		06/01/2021
1518-00000-000	NEW AFRICA OF SYRACUSE INC	27,555.68	0.00	0.00	27,555.68	27,555.68	342.10	-		06/01/2028
1520-00000-000	NEW AFRICA OF SYRACUSE (II)	30,892.22	0.00	0.00	30,892.22	30,892.22	449.54	-		06/01/2028
1522-00000-000	NEAR WESTSIDE INITIATIVE	71,517.93	0.00	511.79	71,006.14	71,006.14		-		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	93,119.93	0.00	321.80	92,798.13	92,798.13		-		05/01/2036
1526-00000-000	DOMINICK'S MARKET INC	15,713.34	0.00	141.63	15,571.71	15,571.71		-		05/01/2026
1527-00000-000	COMER CATERING	24,446.05	0.00	0.00	24,446.05	24,446.05	1678.98	-		05/01/2026
1530-00000-000	RJB PROPERTIES (CDBG MAIN ST)	40,000.00	0.00	0.00	40,000.00	40,000.00		-		01/14/2021
1531-00000-000	SWALLOW'S RESTAURANT	12,000.00	0.00	0.00	12,000.00	12,000.00		-		07/20/2020
1532-00000-001	JERK HUT MATCH LOAN	6,650.00	0.00	0.00	6,650.00	6,650.00		-		02/01/2022
1532-00000-002	JERK HUT (CDBG MAIN ST)	45,296.39	0.00	0.00	45,296.39	45,296.39		-		11/08/2022
1534-00000-000	NEAR WESTSIDE INIT UNIT 4	90,975.96	0.00	463.14	90,512.82	90,512.82		-		09/01/2031
1535-00000-000	511-513 N STATE ST	10,000.00	0.00	0.00	10,000.00	10,000.00		-		02/04/2021
1537-00000-000	CERIO I (CDBG MAIN ST)	22,960.00	0.00	0.00	22,960.00	22,960.00		-		05/19/2022
1539-00000-000	CERIO II (CDBG MAIN ST)	8,000.00	0.00	0.00	8,000.00	8,000.00		-		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		-		01/01/2023
1541-00000-001	PEPPINOS OFFICE (CDBG MAIN ST)	18,000.00	0.00	0.00	18,000.00	18,000.00		-		05/19/2022
1542-00000-001	PEPPINOS STORE (CDBG MAIN ST)	50,000.00	0.00	0.00	50,000.00	50,000.00		-		11/01/2022
1544-00000-000	PROVIDENCE SERVICES	12,177.05	0.00	239.09	11,937.96	11,937.96		-		04/01/2022
1545-00000-001	500 SOUTH AVE MATCH LOAN	9,901.01	0.00	184.32	9,716.69	9,716.69		-		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		-		04/27/2022
1547-00000-000	FREEDOM OF ESPRESSO	60,554.57	0.00	694.26	59,860.31	59,860.31	2807.59	-		09/01/2024
1548-00000-000	ACROPOLIS PROPERTY MGMT	44,545.22	0.00	787.07	43,758.15	43,758.15	1078.13	-		09/01/2022
1549-00000-000	SALON AMARE	45,576.25	0.00	744.96	44,831.29	44,831.29		-		01/01/2023
1550-00000-000	499 SYRACUSE CITY CENTRE	96,902.39	0.00	1,554.61	95,347.78	95,347.78		-		02/01/2023
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	TOTAL	4,611,663.69	0.00	7,841.46	4,603,822.23	3,777,118.23	14,009.95			