

## RESOLUTION

A regular meeting of the City of Syracuse Industrial Development Agency was convened in public session on July 16, 2019, at 8:00 o'clock a.m. in the Common Council Chambers, City Hall, 233 East Washington Street, Syracuse, New York.

The meeting was called to order by the Chairman and upon the roll being duly called, the following members were:

**PRESENT:** Michael Frame, Steven Thompson, Kathleen Murphy, Rickey T. Brown, Kenneth Kinsey

**THE FOLLOWING PERSONS WERE ALSO PRESENT:** Staff Present: Judith DeLaney, Susan R. Katzoff, Esq., John Vavonese, Debra Ramsey-Burns; Others Present: James Trasher, Rich Pascarella, Kevin McAuliffe, Esq., Stephen Byer, Aggie Lane, Stephanie Pasquale, Joe Maricsa, Mitch Lattimer, Deli Vargus, Eric Ennis, Cypris T.; Media: Rick Moriarty

The following resolution was offered by Rickey T. Brown and seconded by Steven Thompson:

### RESOLUTION AUTHORIZING A PUBLIC HEARING WITH RESPECT TO A REQUEST FOR ADDITIONAL FINANCIAL ASSISTANCE

**WHEREAS**, the City of Syracuse Industrial Development Agency (the "**Agency**") is authorized and empowered by Title 1 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 industrial, manufacturing, warehousing, commercial, research and recreation facilities, for the purpose of promoting economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State, to improve their recreation opportunities, prosperity and standard of living; and

**WHEREAS**, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to grant "financial assistance" (as defined in the Act) in connection with the acquisition, reconstruction and equipping of one or more "projects" (as defined in the Act); and

**WHEREAS**, by application dated June 18, 2018, as supplemented on July 12, 2018 (the "**Application**"), Gerharz Equipment, Inc., or an entity to be formed (the "**Company**"), requested the Agency undertake a project (the "**Project**") consisting of: (A)(i) the acquisition of an interest in approximately 4.5 acres of improved real property located at 220-22 Teall Avenue, in the City

of Syracuse, New York (the “**Land**”); (ii) the renovation of an existing approximately 85,000 square foot building for use in the wholesale and retail sale of foodservice equipment, supplies and design solutions primarily to restaurants and food service operators, including but not limited to the installation of a new roof, lights, windows, HVAC, painting, landscaping and resurfacing of parking lot, all located on the Land (the “**Facility**”); (iii) the acquisition and installation in and at the Land and Facility of furniture, fixtures and equipment (the “**Equipment**” and together with the Land and the Facility, the “**Project Facility**”); (B) the granting of certain financial assistance in the form of exemptions from real property tax, State and local sales and use tax and mortgage recording tax (in accordance with Section 874 of the General Municipal Law) (collectively the “**Financial Assistance**”); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, reconstruction, renovation, equipping and completion of the Project Facility; and (D) the lease of the Land and Facility by the Agency pursuant to a lease agreement and the acquisition of an interest in the Equipment pursuant to a bill of sale from the Company to the Agency; and the sublease of the Project Facility back to the Company pursuant to a sublease agreement; and

**WHEREAS**, in or about November 2018, the Company and Agency entered into a lease transaction to effectuate the undertaking of the Project and the conference of the approved Financial Assistance (the “**Lease Transaction**”). As part of the Lease Transaction, the Company was appointed as the agent of the Agency through and including April 1, 2020 for purposes of undertaking and completing the Project Facility and was awarded an amount not to exceed \$96,000 in exemptions from State and local sales and use tax (the “**Appointment**”); and

**WHEREAS**, the award of sales and use tax exemption was bifurcated between the work being done on the exterior as well as the Company controlled interior space and that of the areas then under leases with third parties. The allocation and timing of use were:

<u>Description</u>	<u>Estimated Completion Date</u>	<u>Estimated Costs</u>		<u>Estimated Sales Tax Exemption Needed</u>	
		<u>Construction</u>	<u>FF&amp;E</u>	<u>Construction</u>	<u>FF&amp;E</u>
Exterior work and Company-controlled space	July 1, 2019	\$1,950,000	\$230,000	\$47,000 (by 07/01/19)	\$18,400 (by 07/01/19)
Leased space	April 1, 2020	\$850,000	\$120,000	\$21,000 (by 04/01/20)	\$9,600 (by 04/01/20)

**WHEREAS**, as of December 31, 2018 the Company had realized \$761.00 in State and local sales and use tax exemptions leaving, as of December 31, 2018, a balance in the amount of \$95,239.00 of unused exemption remaining available for the Project (the “**Remaining Exemption**”); and

**WHEREAS**, by later dated June 14, 2019, the Company requested an increase in the amount of Original Financial Assistance from \$96,000 to \$220,800 (the “**Increase**”). The Increase request is due to their receipt of significantly higher than expected budgets and estimates received from contractors and design professionals following the purchase of the

property in addition to their need to take an additional 10,000 sq. ft of the space for their own use. Unforeseen mechanical and demo/abatement issues that required a significant increase in engineering expertise coupled with under-budgeting on the FFE costs have resulted in a substantial increase in the project costs. Moreover, the Company advised that while the scope of the Project has not changed significantly, it originally estimated that 30% of construction costs to be attributable to taxable materials however have since realized the better estimate is 40%; and

**WHEREAS**, the following is the updated allocation provided by the Company showing the revised cost and sales tax exemption estimates (including updated completion dates):

<u>Description</u>	<u>Estimated Completion Date</u>	<u>Estimated Costs</u>		<u>Estimated Sales Tax Exemption Needed</u>	
		<u>Construction</u>	<u>FF&amp;E</u>	<u>Construction</u>	<u>FF&amp;E</u>
Exterior Work and Company-Controlled Space	September 1, 2019	\$3,000,000	\$ 600,000	\$96,000 (by 09/01/19)	\$48,000 (by 09/01/19)
Leased Space	July 1, 2020	<u>1,400,000</u>	<u>\$ 400,000</u>	<u>\$44,800</u> by 07/01/20	<u>\$32,000</u> (by 07/01/20)
Total		<u>\$4,400,000</u>	<u>\$1,000,000</u>	<u>\$140,800</u>	<u>\$80,000</u>

**WHEREAS**, the Company advised that due to delays in construction not previously accounted for they are requesting the Agency approve an extension of their Appointment from April 1, 2020 through and including September 30, 2020 to provide them an opportunity to complete the Project (the "**Extension**"); and

**WHEREAS**, the Project underwent an environmental review by the Agency pursuant to SEQRA, and the requested Increase and Extension are not substantial and do not require reconsideration or further review by the Agency under SEQRA; and

**WHEREAS**, the Agency has not approved the granting the Increase; and

**WHEREAS**, the grant of Financial Assistance to the Project is subject to, among other things, the Agency finding after a public hearing pursuant to Section 859-a of the Act that the Project will serve the public purposes of the Act by promoting economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State or increasing the overall number of permanent, private sector jobs in the State.

**NOW, THEREFORE**, be it resolved by the members of the City of Syracuse Industrial Development Agency, as follows:

(1) Based upon the representations made by the Company to the Agency, the Agency makes the following findings and determinations:

(A) The Project constitutes a “project” within the meaning of the Act; and

(B) The Increase contemplated with respect to the Project consists of assistance in the form of an increase in exemptions from State and local sales and use taxation.

(2) The Agency hereby directs that pursuant to Section 859-a of the Act, a public hearing with respect to the Increase shall be scheduled with notice thereof published, and such notice, as applicable, shall further be sent to affected tax jurisdictions within which the Project is located.

(3) As the Company's appointment does not currently expire until April 1, 2020, and any extension will be necessitated only if the Increase is approved, the Agency shall reserve decision on the Extension until after the public hearing on the Increase is held.

(4) The Secretary or the Executive Director of the Agency is hereby authorized to and may distribute copies of this Resolution to the Company and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

(5) A copy of this Resolution shall be placed on file in the office of the Agency where the same shall be available for public inspection during business hours.

The question of the adoption of the foregoing resolution was duly put to vote on a roll call, which resulted as follows:

	<u>AYE</u>	<u>NAY</u>
Michael Frame	X	
Steven Thompson	X	
Kathleen Murphy	X	
Rickey T. Brown	X	
Kenneth Kinsey	X	

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK            )  
  ) SS.:  
COUNTY OF ONONDAGA        )

I, the undersigned Secretary of the City of Syracuse Industrial Development Agency, **DO HEREBY CERTIFY** that I have compared the annexed extract of the minutes of the meeting of the City of Syracuse Industrial Development Agency (the “**Agency**”) held on July 16, 2019, with the original thereof on file in my office, and that the same (including all exhibits) is a true and correct copy of the proceedings of the Agency and of the whole of such original insofar as the same relates to the subject matters referred to therein.

**I FURTHER CERTIFY** that (i) all members of the Agency had due notice of such meeting, (ii) pursuant to Section 104 of the Public Officers Law (Open Meetings Law), such meeting was open to the general public and public notice of the time and place of such meeting was duly given in accordance with such Section 104, (iii) the meeting was in all respects duly held, and (iv) there was a quorum present throughout.

**I FURTHER CERTIFY** that, as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or rescinded.

**IN WITNESS WHEREOF**, I have set my hand and affixed the seal of the Agency this 20 day of August, 2019.

City of Syracuse Industrial Development Agency

  
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Rickey T. Brown, Secretary

(S E A L)