



To: SEDCO Board of Directors
From: Eric Ennis
Date: Tuesday, July 7, 2020
Re: SEDCO Board of Directors Meeting Agenda – July 9, 2020

The City of Syracuse Economic Development Corporation (SEDCO) Board of Directors Meeting on **Thursday, July 9, 2020 at 8:30 AM** held being virtually by WebEx conference call.

I. Call Meeting to Order

II. Roll Call – 1

III. Minutes – 2

Review and vote on the minutes from the April 30, 2020 Board meeting.

IV. New Business –

Smith Building LLC – 3

Review & discussion of loan request for mixed-use, adaptive reuse, affordable housing project in Downtown Syracuse

Attachment:

1. *Summary Memo to Board of Directors*

SEDCO 2019 Annual Report – 4

Review and & discussion of the 2019 annual report and reflection on organizational actions, efforts, and progress

Attachment

1. *Final Draft of the 2019 SEDCO Annual Report*

CDBG-CV Funding Proposal: COVID-19 Emergency Relief Fund – 5

Discussion of a grant proposal for additional COVID-19 available through the City of Syracuse and the HUD CDBG-CV Economic Recovery Allocation.

COVID-19 Emergency Relief Fund: Update + Next Steps – 6

Progress report and discussion on preferred rate and terms when borrowers reach maturity period.

Maxwell MPA Capstone – 7

Summary of graduate-level research project undertaken by Maxwell MPA students for SEDCO & the City of Syracuse.

V. Adjourn

Minutes
Syracuse Economic Development Corporation
Board of Directors Meeting
THURSDAY APRIL 30, 2020
Meeting held virtually via WebEx

Board Members Present: Jennifer Tifft, Sheena Solomon, Steve Gross, Nick Petragnani, David Mankiewicz, Richard Driscoll, Ashanti Dickerson, Michael Quigley, Hon. Michael Greene

Board Members Excused:

Staff Present: Eric Ennis, John Vavonese, Fred Marty, Esq., Debra Ramsey-Burns.

I. Call Meeting to Order

Ms. Tifft called the meeting to order at 8:34 AM.

II. Roll Call

Ms. Tifft acknowledged that all Board Members were present.

III. Proof of Notice

Ms. Tifft acknowledged the proof of notice was sent out in a timely manner.

IV. Minutes

Ms. Tifft asked for a motion approving the minutes from the March 19 Board meeting. Mr. Petragnani made the motion. Mr. Gross seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED MINUTES FROM THE MARCH 19, 2020 BOARD MEETING.**

V. New Business

COVID-19 Emergency Relief Fund

Mr. Ennis provided a summary to the group about recent efforts and progress made with the \$500,000 micro loan program approved and invested by the board at the March meeting. To date, 29 loans have been approved by the SEDCO loan committee, through three rounds of funding that was awarded.

Mr. Ennis also noted background data on the loan recipients, including 20 businesses deemed 'essential' by New York State, 2 are directly assisting first responders, and 3 are immigrant/refugee owned.

Mr. Ennis fielded questions from the board, including about the interest rate and the collateral secured on these loans – which is 0% for 6 months and a personal guarantee was required from all owners with more than 20% stake in the borrowing entity.

SEDCO Portfolio Report

Mr. Ennis and Mr. Vavonese provided an update on the SEDCO loan portfolio, with over 20 borrowers that have requested a 3 month deferment period that the board was amenable to. SEDCO is working to execute a document with each borrower to denote the months deferred and when regular payments will resume.

Microloan Requests

Mr. Ennis shared that the SEDCO loan committee convened earlier in the week to review loan requests from 6 applicants, 5 of which were recommended to proceed for consideration of approval by the board of directors. Each of the loan requests were submitted as part of the COVID-19 Emergency Relief Fund, but were submitted or received near the end of the program as round 3 was being finalized. The five requests, each from businesses located within the city of Syracuse, would be for a 6 month period of 0% interest, with the option to convert the loan to a low interest repayment upon the 180 day maturity.

Upon review and discussion, the board was supportive of the five requests, and voted in favor of funding the following loans as part of the emergency relief fund:

• Manlius Duck, Inc. dba Orange Crate Brewing	• \$ 15,000.00
• Peaks Coffee Company Café LLC	• \$ 10,000.00
• Spaghetti Warehouse Restaurant of CNY LLC	• \$ 18,000.00
• Syracuse Business Services, Inc. dba Zoey Advertising	• \$ 14,000.00
• Syracuse Salt Company	• \$ 7,050.00

ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE FIVE LOANS REQUESTED THROUGH THE COVID-19 EMERGENCY RELIEF FUND.

CNY Uniforms Plus

Mr. Ennis explained the borrower that was approved for a loan from SEDCO was interested in receiving working capital assistance due to the economic impacts of COVID-19. Since Tai Shaw has not yet closed on his SEDCO loan, the board has the ability to increase the approved amount by \$10,000, which is the borrower's request. Mr. Ennis also noted CNY Uniforms Plus has remained open during the pandemic and has added one new employee since the loan was first approved.

Ms. Tiffet asked for a motion to increase the approved loan amount for CNY Uniforms Plus to \$80,000 to include financing for working capital. Mr. Petragnani made the motion. Mr. Gross seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE LOAN INCREASE TO \$80,000 TO CNY UNIFORMS PLUS.**

VII. Adjourn

Ms. Tiffet asked for a motion to adjourn the meeting. Ms. Solomon made the motion. Mr. Petragnani seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED TO ADJOURN THE MEETING AT 9:27 A.M.**



July 7, 2020

Memorandum To: SEDCO Board of Directors
From: Eric Ennis
Re: Smith Building, LLC
SEDCO Direct Loan Request – \$125,000.00

BACKGROUND:

The Smith Restaurant Supply building, located at 500 Erie Boulevard East, is undergoing a planned mixed-use redevelopment into 38 affordable apartments and 2,500 square feet of ground floor commercial space in Downtown Syracuse. Mathew Paulus is the new owner and developer of the project, a total investment exceeding \$9.5 million. A variety of sources are being used to finance the project, including support from New York State Homes & Community Renewal (HCR), the City of Syracuse HOME Affordable Housing Program, federal and state historic tax credits, and the Community Preservation Corporation (CPC). As the project team has worked to secure the necessary financing, added costs and unsecured grant funding have left the development with a gap the SEDCO is being requested to fill in order for the project to proceed as planned. The property was found to be eligible for the National Register of Historic Places and for the New York State Brownfield Cleanup Program through the Department of Environmental Conservation (DEC).

PROPOSED PROJECT:

The project involves converting the two attached historic buildings into a mixed-use facility, with 38 one-bedroom affordable residential units, using HUD affordable rental rates. The redevelopment will include full exterior and interior improvements, including façade enhancements, new windows, environmental remediation, and significant site work to the land surrounding the building. A secondary stairway will also be constructed as a second means of egress for the building. VIP Structures is the architect. Prior to COVID-19, work was expected to begin in Spring 2020. In spite of the ongoing pandemic, Mr. Paulus, and the project team consisting of VIP, IPD Engineering and Rich & Gardner Construction remain committed to the project and expect to begin work this summer, creating approximately 50 construction jobs.

LOAN REQUEST:

Smith Building LLC is requesting 125,000 from SEDCO in direct financing to assist with the adaptive reuse of property. As noted in the sources & uses section below, the SEDCO financing would bridge the gap needed to complete the project.

SOURCES & USES:

Project Budget:

a. Land & Improvements	\$ 425,000
b. Building Construction	\$ 6,335,000
c. Development soft costs	\$ 1,405,000
d. Financial Charges	\$ 500,000
e. <u>Other / Contingency</u>	<u>\$ 875,000</u>
	\$ 9,540,000

Project Sources:

a. Equity	\$ 2,034,000
b. Community Preservation Corporation (CPC) Loan	\$ 5,056,000
c. NYS Homes Community Renewal PLP Loan	\$ 1,900,000
d. City of Syracuse HOME Investment	\$ 425,000
e. <u>SEDCO Loan (Remaining Financing Gap)</u>	<u>\$ 125,000</u>
	\$ 9,540,000

BORROWER:

Matthew Paulus is the sole owner of Smith Building, LLC, and is an experienced developer having completed the R.E. Dietz Lantern Factory in Syracuse and the Ansco Camera Factory in Binghamton. Both projects involved the conversion of underutilized industrial legacy buildings into fully redeveloped mixed use buildings, and have received notable recognition for historic preservation efforts. The applicant works full time as the President of Paulus Development, which also manages the properties that have been developed by the firm.

COLLATERAL:

The applicant, Mr. Paulus, has agreed to execute a personal guarantee on the loan. Additionally, a corporate guarantee from Paulus Capital LLC will be executed. SEDCO can also seek to place a subordinate mortgage lien on the property at 500 Erie Boulevard East.

RECOMMENDATION:

Staff is recommending the board of directors consider the following loan terms: \$125,000 in capital designed to finance the funding gap for the project, with a rate of 5% interest for a period of 15 years (180 months). The loan committee met with Mr. Paulus and reviewed financial and project materials, and the members that were present expressed support of the terms outlined above.

The redevelopment of the Smith Restaurant Building is a significant project for the eastern side of downtown, on the edge of the impending Interstate 81 viaduct project, and creates 38 new units of affordable housing in Syracuse's central business district. The project will serve as another model in the restoration and preservation of a historic property.