



To: SEDCO Board of Directors

From: Judith DeLaney

Date: October 5, 2020

Re: SEDCO Board of Directors Meeting Agenda October 6, 2020.

The Syracuse Economic Development Corporation will hold a **Board of Directors Meeting on Tuesday, September 29, 2020 at 8:30 a.m. via WEBEX:**
<https://syrgov.webex.com/syrgov/j.php?MTID=mb2f2e60d48fd3c14e0be327cc88e8ae7> Meeting Access Code: 173 592 2737 Password: 9APbmcTjk82 Via Phone (408) 418-9388 Access Code: 173 592 2737

I. Call Meeting to Order

II. Roll Call – 1

III. Proof of Notice - 2

III. Minutes – 3

Approval of minutes from the July 9, 2020 Board meeting.

IV. New Business –

COVID-19 Emergency Relief Fund – 4

Review of Program and approval of extension of same.

Attachment:

1. Board Memo.

Dey's Plaza LLC Loan Restructuring Request – 5

Review of a proposal by the Company to restructure the existing SEDCO debt on the project.

Attachment:

1. Correspondence.

V. Executive Session

VI. Adjournment



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PUBLIC MEETING NOTICE

THE SYRACUSE ECONOMIC DEVELOPMENT CORPORATION

HAS SCHEDULED

A

BOARD OF DIRECTORS MEETING

ON

TUESDAY, SEPTEMBER 29, 2020

At 8:30 a.m.

VIA WEBEX

Meeting Link:

<https://syrgov.webex.com/syrgov/j.php?MTID=m746002475f834147df35b2318a04e143>

Meeting Access Code: 173 721 8514

Password: N37DdmEG29R

VIA Phone

(408) 418-9388

Access Code: 173 721 8514

For More Information, Please Contact Judith DeLaney, jdelaney@syr.gov

Minutes
Syracuse Economic Development Corporation
Board of Directors Meeting
THURSDAY JULY 9, 2020

City Hall Commons
Meeting was held via Webex
Syracuse NY 13202

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

Board Members Excused: Ashanti Dickerson, Michael Quigley.

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 8:33 AM.

II. Roll Call

Ms. Tifft acknowledged that all Board Members were present except for Ashanti Dickerson and Michael Quigley were and excused.

III. Proof of Notice

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

IV. Minutes

Ms. Tifft asked for a motion approving the minutes from the April 30, 2020 Board meeting.

Mr. Mankiewicz made the motion. Ms. Solomon seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED MINUTES FROM THE APRIL 30, 2020 BOARD MEETING.**

V. New Business

Smith Building LLC

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

Mr. Ennis said this is for discussion of a gap Loan for this project. This is a complete overhaul mixed use that will create 38 apartments. Matt Paulus is the developer and the investment will exceed \$ million. The City is supporting the project through the HOME affordability program with funds from HUD. They are getting Historic tax credits and the Community Preservation Corporation (CPC) is also providing construction financing for the project.

Mr. Ennis said they had planned on starting construction in June but that was before COVID-19 however they are planning to move ahead this Fall.

Mr. Ennis said they are asking SEDCO for \$125,000 at 5% for 15 years. For collateral they have a subordinate lien and Paulus LLC along with a personal guarantee. Mr. Ennis said Matt Paulus has completed several projects in the City.

Ms. Solomon asked about the affordable housing what are the guidelines. Mr. Ennis said the Home program they are Federal funds there is rent control following HUD guidelines at the most \$1,000 or the lowest \$600.

Ms. Solomon asked who was going to get the construction jobs. Mr. Ennis said that will be Rich & Gardner. They have done a lot of work with the City and are expected to have several subcontractors working on this project.

Mr. Petraganani said HCR funds require average not to exceed more than 80% of yearly income. He will have to income qualify tenants and report it to HCR. He will have to do that with every tenant.

Ms. Tiff said HUD has similar requirements our office receives reporting the HUD funded homes. We will be doing the monitoring. I don't know if there are WMBE qualifications.

Mr. Ennis said VIP Construction is also involved.

Mr. Driscoll asked if there is an interest period. Mr. Ennis said there would be from day one.

Mr. Greene said he thinks it's a good project and inquired how the developer arrived at a gap of \$125,000.

Mr. Ennis said Matt submitted a higher request for HOME funding, and the City received more request than could be fully funded. Due to this, SEDCO became a possible option to bridge the funding gap for this project.

Mr. Greene stated he wanted to make sure the numbers reflect the true costs of the project and what financial gap needs to be filled.

Mr. Petraganani noted the HCR funds do require utilization of MWBE contractors, and documentation of this must be submitted as part of the project support.

Mr. Mankiewicz said he will not be voting on this Project he has a conflict of interest.

Mr. Petraganani said he will be abstaining also from voting on this Project.

Ms. Tifft asked for a motion approving loan for mixed-use on an affordable housing Project in Downtown Syracuse.

Ms. Solomon made the motion. Mr. Driscoll seconded the motion. All members present unanimously approved the motion except for Mr. Petraganani and Mr. Mankiewicz who abstained from voting on the Project.

SEDCO 2019 Annual Report

Attached to the agenda is a Final Draft of the 2019 SEDCO Annual Report.

Mr. Ennis said his is something that is usually done in the spring but we wanted to be with this Board. WE wanted to walk through our policies and procedures. The overall projects for 2019 are January 1 – December 31, calendar year.

Mr. Ennis went through each project.

Industrial Tire Inc. This property is located in the Lake Front area as an already existing business in tire sales and retreading. The investment was \$125,000, 00 and total cost of the project is \$586,194.00 with retaining 30 jobs.

Mr. Ennis said there is 102 Lock Alley this is a construction project by Ambergate Holdings LLC . This is adjacent to the historic property at 701 North Salina Corridor. The investment is \$80,000.00 the total Development cost is \$90,000.00. This site is being converted into a mixed- use property.

Mr. Ennis said then there is 754-56 North Salina St being turned into four apartments.

Ms. Solomon said it doesn't seem like we only did four loans but 2019 does seem like so long ago.

Mr. Ennis noted the Grow America Fund was not mentioned in this year's report since the fund's first loan with Cueva Contract LLC was in 2019. The fund is now in the midst of a second loan involving a grocery store business acquiring a building on the northside – that project will be included in the 2020 Annual Report.

Mr. Mankiewicz said looking at the old projects some of them different. Mr. Ennis said he does have to go back through it and fix them. Ms. Tifft thanked Eric for putting this altogether.

Ms. Tifft asked for an approval with amendments for the SEDCO 2019 Annual Report. Mr. Petraganani made the motion. Mr. Mankiewicz seconded the motion. The Board approved the SEDCO Report with amendments for 2019.

COVID-CV Funding Proposal: COVID-19 Emergency Relief Fund

Mr. Ennis said COVID emergency relief funds one of the new things is working as NBD we have received allocation we are going to Common Counsel with this. HUD Block Grant money SEDCO is supposed to receive \$150,000 it is being reviewed by the Common Council. This funding would allow SEDCO to conduct another round of COVID lending for small business.

Ms. Tifft said it's great to have additional funds to help businesses that are struggling. She inquired whether we should cap these loans at \$10,000 gives us potential to fund and reach more businesses.

Mr. Ennis noted that since the launch of the COVID loan program, the definition of a "small business" has been for those with 50 or less employees. We can amend to the size of the loan and include any additional metrics such as jobs retained, etc. if the board would like to proceed with additional structure for future funds that are made available.

Ms. Tifft asked for a motion to approve the submission for requesting \$150,000 in funds from the City of Syracuse to be used for COVID-19 related small business lending. Mr. Petrganani made the motion, Ms. Solomon seconded. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MOTION TO APPLY FOR \$150,000 IN ASSISTANCE FOR SMALL BUSINESS LENDING.**

Adjourn

Ms. Tifft asked for a motion to adjourn the meeting. Mr. Greene made the motion. Mr. Petragani seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED TO ADJOURN THE MEETING AT 9:22 A.M.**



October 5, 2020

Memorandum To: SEDCO Board of Directors

From: Judith DeLaney

Re: COVID-19 Emergency Relief Fund

Background:

As the Directors are aware in March of this year the SEDCO Board approved a COVID-19 Emergency Loan Program in the amount of \$500,000 to assist small businesses in the City impacted by the onset of the pandemic. The loans for the support of operations and employment provided zero-interest six month terms between \$3,000 and \$25000 to be paid in full at maturity. As a result in April 2020 the SEDCO Loan Committee approved 30 loans in the amount of \$455,217 under the program.

During October, the COVID-19 program loans will reach their six month maturity dates. As of this writing two loans totaling \$43,000 have been paid in full. Understanding the detrimental effect the pandemic has had and continues to have on the local economy, staff is anticipating the majority if not all of the remaining borrowers may be unable to pay off their loans and recognizes the Corporation needs to be prepared for that outcome.

Proposal:

Staff is proposing the Board of Directors consider and approve one of the following repayment options to address those loan borrowers under the program who are unable to pay off their existing loan at the current maturity date:

Option One: Loan Extension through 3/31/21 at the same terms. SEDCO to offer a 5% incentive if loan paid in full by 3/31/21. Borrowers to notify SEDCO of intention to pay in full no later than 3/1/21. If Borrower advises the loan will not be paid in full by the allotted time the principal will be refinanced into a 36 month term at 3% interest payments to commence April 1, 2021.

Option Two: Loans not paid by the current six month maturity date will be offered an immediate refinance plan with term offerings of 12Months – 1% 24 Months – 2% 36 Months – 3%. Payments to commence 12/1/20. Borrowers will be notified of the repayment option after Board approval and will be required to advise SEDCO of their decision on term within 10 days of their 6 Month maturity date.



October 5, 2020

Memorandum To: SEDCO Board of Directors

From: Judith DeLaney

Re: Dey's Plaza LLC
Loan Restructuring Request

Background:

As the Board members are aware the owners of Dey's Plaza LLC have over a long period of time continued to identify opportunities to stabilize the cash flow on the building due to the departure of its largest commercial tenant in 2017. The building which is actually the combination of four connected original buildings totaling 235,000 sq. ft. was sold by SEDCO to the current owners in 2010. Floors three through eight have been improved by the owners to now include 147,050 sq. ft. of residential space (100% occupied at this writing) and floors one and two contain 67,730 sq. ft. of commercial space of which approximately 29,500 sq. ft. is vacant. There is also a 100 car parking garage in the basement. Currently Pathfinder Bank holds a first mortgage lien on the property with SEDCO holding a second mortgage lien position with an outstanding balance of \$4,790,185.24. Relative to the SEDCO loan, the last principal and interest made was in September 2017 for \$23,188.22. Thereafter interest payments were made on the loan of \$11,975.66 which continued through March of this year then suspended due to COVID 19 and restarted in August. The original SEDCO loan documents also called for a balloon payment of \$3,711,228 due on 1/1/25. The most recent appraisal on the property available was completed in December of 2017.

Proposal:

The owners currently propose conversion of the property into two condominium units. A residential condominium unit would be created encompassing floors three through eight inclusive of all the residential apartments. A second condominium unit would be created to include the commercial space on floors one and two along with the below ground garage.

The owners advise they have a tentative agreement with Fannie Mae to provide \$11,300,000 in financing for the residential condominium. This funding will satisfy the current first mortgage held by Pathfinder Bank. In turn Pathfinder Bank will provide the LLC with \$2,000,000 in new money for the commercial condominium unit the proceeds of which would be used to reduce the SEDCO debt by \$1,000,000.00 and provide a reserve of \$1,000,000.00 for the proposed HUD mortgage.

Request:

In order to accomplish the above the owners are making several request of SEDCO as follows:

1. Removal of the SEDCO as a lien holder on the property. This is a requirement of the terms of the proposed residential financing by Fannie Mae. The personal guarantees of the two members of the LLC would remain in effect.
2. An agreement with SEDCO to include payment an additional \$2,000,000.00 at a time in the future when a portion of the vacant commercial space (specified as the second floor) is leased allowing a refinance of the Pathfinder mortgage with the ability to maintain a minimum debt coverage ratio of 1.20 and no requirement to make principal and interest payments on the \$2,000,000.00
3. Forgiveness of the remaining balance on the exiting SEDCO loan - \$1,790,185.24.

Loan Committee:

The Loan Committee met in session September 24, 2020 and reviewed the request along with updated financial information on both the Project and the owners. After a lengthy discussion the Committee chose not to make a recommendation and chose to refer it to the Board of Directors for further review.

Deys Plaza, LLC

Real Estate Development, Marketing and Management

108 West Jefferson Street
Syracuse NY 13202
Phone: (315) 422-5381
Fax: (315) 475-5659

Mr. Eric Ennis,
Director of Business Development
City of Syracuse - City Hall Commons
201 E. Washington Street
Syracuse, NY 13202

September 2, 2020

Re: Dey's Plaza LLC

Dear Mr. Ennis:

Background

SEDCO has provided Dey's Plaza, LLC with a second mortgage for a number of years for which we have been and continue to be grateful. As you know the office market has not been strong in downtown Syracuse and we have lost all our original tenants plus the Bank of New York. These losses prompted us to repurpose the majority of the upper floors into apartments. Fortunately, the residential use has been successful thus far and has provided us with the opportunity to qualify for a Fannie Mae/Freddie Mac financing that is quite favorable. However, in order to meet the government lenders underwriting criteria we had to meet two conditions. One, remove any secondary debt and two only finance a residential use. In response we are making a request to SEDCO as outlined below and we converted the property into two condominium units. One unit consists of all apartments and encompasses floors 3 through 8. A second condominium unit consists of the garage, first and second floors and is entirely commercial. This change has been approved by the New York State Attorney General's office.

Current Condition

We have a tentative agreement from Fannie Mae to provide us with first mortgage financing on the residential portion in the amount of \$11,300,000 from Fannie Mae. This mortgage will take replace the Pathfinder Bank first mortgage that is currently on the property. In addition, we have a tentative agreement from Pathfinder Bank to provide us with a \$2,000,000 mortgage for the commercial portion of the property, i.e. the garage, first and second floors.

Proposal to SEDCO

Our request to the SEDCO board consists of the following:

- Remove the lien from Dey's Plaza property. Dey's two members would continue to personally guarantee the outstanding amount owed to SEDCO.
- Upon closing with Pathfinder bank Dey's will provide SEDCO with \$1,000,000.

- We will pay SEDCO an additional \$2,000,000 when we rent the second floor or a portion of the second floor that will allow us to refinance in an amount sufficient to pay the City the additional \$2,000,000 while maintaining a minimum of a 1.20 debt coverage ratio on the commercial portion of the project.
- Lastly after we make the initial pay down of \$1,000,000 SEDCO will not require interest or principle payments on the remaining mortgage amount until we make the final \$2,000,000 payment.
- After paying a total of \$3,000,000 our financial obligations to SEDCO will have been satisfied.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Doucette", with a long horizontal flourish extending to the right.

Robert Doucette, Member

A handwritten signature in blue ink, appearing to read "Richard de Vito", with a long horizontal flourish extending to the right.

Richard de Vito, Member

DeLaney, Judith

From: Robert Doucette <rdcuse@gmail.com>
Sent: Friday, September 18, 2020 12:11 PM
To: DeLaney, Judith
Cc: rdevito@rdrealty.com
Subject: request
Attachments: Apartments only 84 units Fanny.xlsx; Commercial Spaces Sabilized 2021.xlsx

Judy: with regard to your request:

1. Copies of loan packages submitted to both Fannie Mae and Pathfinder Bank

Both of these loans are scheduled to go to committee next week. We've given you all we have from Pathfinder Bank. I've outlined the terms of the Fannie loan below. It might be most helpful to the committee (and to us) to learn the results of the Fannie and Pathfinder loan committee meetings. No?

2. Terms & Conditions of proposed Fannie Mae Loan

Loan amount \$11,300,000

Interest rate Our last quote was 3.56%

Amortization: 30 years

Term: 12 years

Security Non recourse

3. Updated Proformas for Deys

Attached are the pro formas for the residential condo (Fannie financed) and the commercial condo (Pathfinder financed)

4. Updated Personal Financial Statements for members of the LLC

These will be sent under separate cover.

5. Personal & Corporate Tax returns

Corporate returns are being sent under separate cover. Rich's personal return has been requested to be sent under separate cover. My return is supposed to be done on Monday and I will send it to you.

We also received your request for a rent roll and that is being sent to you in a separate email. Let us know if there is anything else. Bob

--
Robert Doucette



214 West First Street
 Oswego, NY 13126
 Telephone: (315) 343-0057

September 1, 2020

Richard DeVito and Robert Doucette
 Paramount Realty Group, LLC
 247 West Fayette Street
 Syracuse, New York 13202

Re: Proposal for Financing

Dear Misters DeVito and Doucette,

You have asked us to consider financing for a commercial condominium to be located on the first two floors of 405 South Salina Street (A part of the former Dey Brothers Department Store) located at, 401 South Salina Street, Syracuse, New York, following will summarize what is under consideration. Please note that this is not a commitment to lend, merely a summary of proposals under consideration. This proposal is subject to standard underwriting and analysis.

REQUEST:

Borrower: Dey's Plaza, LLC and 405 South Salina Street, LLC (or entity to be formed)

Loan Type: Commercial Mortgage

Purpose: The loan proceeds will be used to finance a commercial condominium located on the first and second floors of the subject property. The sources and uses will be as follows:

Sources		Uses	
Proposed PFB MTG	2,000,000	Reduction of SEDCO Debt	1,000,000
		COVID Reserve for HUD Mortgage	1,000,000
Total	2,000,000	Total	2,000,000

Amount: Up to \$2,000,000

Interest Rate An initial interest rate of 4.75% to adjust after three years, and every three years thereafter, to the Federal Home Loan Bank of New York Three-Year Advance Rate plus a margin of 2.80%, with a floor of 4.75%.

Term/Maturity: Sixty months from the date of closing

Monthly payments: Twenty-four months of interest only payments followed by principal and interest payments sufficient to repay the loan based on a twenty-year amortization

Guarantors: Unlimited guarantees of:

- Richard DeVito
- Robert Doucette
- All members of the LLC with a twenty percent or greater interest

Fee: 1/2%

Prepayment Penalty: 3% the first year, 2% the second year, and 1% thereafter

Collateral:

- A first mortgage on the commercial/retail condo (1st, 2nd Floors and parking garage) for the property located at 401 S Salina St. in Syracuse, NY.
- A first assignment of leases and rents in above mentioned properties
- A first security interest in all non-realty assets.
- Assignment of condominium agreement.

Conditions:

- Receipt and satisfactory review of an appraisal by an independent appraiser acceptable to the Bank, will be required on the subject property. The report will be engaged by the Bank but the cost will be borne by the borrower supporting a loan to value not to exceed 75%.
- A satisfactory environmental review in scope acceptable to the Bank will be required on the subject property. The cost of this report will be borne by the borrower.
- Receipt and review of an agreement with SEDCO stating that their loan will be unsecured and they will not require principal and interest payments on the outstanding debt. This contract will also state the repayment terms.
- Receipt and satisfactory review of all lease agreements which must support the projected income and expense projections on the property.
- Receipt and satisfactory review of condominium agreement debt service calculation will include monthly condo charges.
- Annual submission of a rent roll on the subject property
- An escrow account will need to be established for the payment of real property taxes.
- Annual receipt of year-end federal income tax returns on the Borrower within 120 days of calendar year end.
- Annual receipt of personal financial statement and tax returns on each guarantor within 120 days of calendar year end.
- Annual receipt and review of financial statement or tax returns on all related entities within 120 days of calendar year end.
- Maintain individual subject property debt service coverage of not less than 1.20 to 1.
- Maintain primary depository relationship with the Bank

I hope this information is helpful, and the above provides a discussion point to which we can further develop or modify.

Again, we appreciate the opportunity to provide you with this proposal for financing. I will follow up with you next week. In the interim, please do not hesitate to contact me with any questions or concerns.

Sincerely,



Mackenzie Kjerstad
Commercial Portfolio Manager
Pathfinder Bank