

City of Syracuse Industrial Development Agency

201 East Washington Street,
6th Floor Syracuse, NY 13202
Tel (315) 473-3275

Minutes

Board of Directors Meeting
Tuesday, October 20, 2020

Due to the declaration of a public health emergency and the social distancing requirements imposed at the Federal, State and local level, this meeting was held in accordance with Executive Order 202.1 by video/telephone conference that was made available to the public.

Board Members Present: Kathleen Murphy, Steven Thompson, Kenneth Kinsey, Rickey T. Brown and Dirk Sonneborn, all via tele/videoconference (in accordance with the Governor's Executive Order 202.1).

Staff Present: Judith DeLaney, Susan Katzoff, Esq., John Vavonese, Lori McRobbie, all via tele/videoconference (in accordance with the Governor's Executive Order 202.1).

Others Present: Amy Web, Sarah Stevens, Shawn Griffin, Esq., Suzanne Slack, Adam Sonenshine, Maarten Jacobs, Robert Sweet, Will Menkes, Lauryn LaBorde, Iran Elahi, Andy Barfield, all via tele/videoconference (in accordance with the Governor's Executive Order 202.1).

I. Call Meeting to Order

Ms. Murphy called the meeting to order at 8:15 a.m.

II. Roll Call

Ms. Murphy acknowledged that in addition to herself, Board members Steven Thompson, Kenneth Kinsey, Rickey T. Brown and Dirk Sonneborn were present.

III. Proof of Notice

Ms. Murphy acknowledged that notice of the meeting had been duly and properly provided.

IV. Minutes

Ms. Murphy asked for a motion approving the minutes from the September 15, 2020 Board of Directors meeting. Mr. Kinsey made the motion. Mr. Thompson seconded the motion. **THE**

MOTION TO APPROVE THE MINUTES FROM THE SEPTEMBER 15, 2020 BOARD OF DIRECTORS MEETING WAS UNANIMOUSLY APPROVED.

V. Committee Reports

Finance Committee: Ms. Murphy reported the Finance Committee met on October 14, 2020. The Committee received two new applications – one from Syracuse Urban Partnership and one from the Flatiron Building. The Committee made the following recommendations to the Board of Directors: (1) Syracuse Urban Partnership – reviewed an application submitted by the Company along with memos provided by Agency's counsel and Agency's consultant. After review the Committee made a recommendation that the Project was eligible for benefits in the form of a PILOT and to authorize a public hearing. A request for a reduction in Agency administrative fee was tabled until the November Finance Committee meeting; (2) Flatiron Building - reviewed application for this project and requested benefits (sales tax/mortgage tax and real property tax exemptions). . After discussion and pending some updated corrections regarding job creation and status of the residential units, the Committee recommended to hold a public hearing; and (3) reviewed the proposed 2021 budget for the Agency and after some discussion and minor revisions the Committee recommended that the Board adopt the revised 2021 budget.

VI. New Business

Syracuse Urban Partnership

Ms. DeLaney reported that the Agency received an application for financial assistance (included in the Board's agenda packet) from Syracuse Urban Partnership, a 501(c)(3) not-for-profit entity regarding a project located at 484 South Salina Street. The City assessor determined the project is a commercial project and the property is subject to real property tax. The Company is requesting financial assistance only in the form of a PILOT agreement utilizing a 15-year Priority Commercial and Residential schedule in accordance with the Agency's UTEP. On October 14, 2020, the Finance Committee reviewed the project and a report prepared for the Agency by its consultant National Development Corp ("NDC") and determined it was eligible for benefits and made a recommendation that the Board authorize a public hearing.

Ms. Delaney advised that Mr. Jacobs (from the applicant) and Mr. Sweet (from NDC) were present and available for questions.

There being no discussion Ms. Murphy asked for a motion to approve a resolution for a public hearing. Mr. Sonneborn made the motion. Mr. Kinsey seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION DETERMINING THAT THE ACQUISITION, CONSTRUCTION, EQUIPPING AND COMPLETION OF A COMMERCIAL FACILITY AT THE REQUEST OF THE COMPANY CONSTITUTES A PROJECT; DESCRIBING THE FINANCIAL ASSISTANCE IN CONNECTION THEREWITH; AND AUTHORIZING A PUBLIC HEARING.**

The Syracuse Flatiron Building

Ms. DeLaney advised the members of the Agency she received an application for financial assistance (included in the Board's agenda packet) and the Board is being requested to authorize a Public Hearing for the Project.

She reviewed the Project noting it will be located at 530 N. Salina Street and would be a gut/rehab of interior and exterior of the project at a cost of approximately \$2.2M. At completion it would contain 2 first floor commercial units and 5 residential units on the upper floors. She noted the Company was applying for benefits from the Agency in the form of exemptions from sales tax in the amount of \$72,890, mortgage tax in the amount of \$12,448 and real estate taxes via a 15-year Priority & Residential PILOT agreement, value to be determined. Project is eligible for the PILOT because it is in one of the City's Neighborhood Revitalization Areas.

The Finance Committee reviewed this application at its October 14, 2020 meeting and all additional information was provided. The top floor residential unit will be leased out and the applicant has committed to creation of 5 jobs. The commercial spaces have not been leased yet, but the applicant said he will move his own business there if not leased to other tenants. The Finance Committee recommended the Board authorize a public hearing.

Mr. Kinsey asked how many new jobs will be produced. Mr. Elahi indicated that there would be 40-45 construction jobs and at least 5 full-time jobs created at a restaurant and coffee shop. In the short run, the Salt Work Development group will open its satellite north side office and will start 5 full time jobs immediately.

Mr. Sonneborn asked about top floor residential space and rent. Mr. Elahi said it will be a penthouse unit. Ms. Stevens said the 4 smaller units rent will be \$850 per month and larger unit was \$1,142 per month.

Ms. DeLaney indicated that to qualify for affordable units for 2020 and to qualify for the PILOT the owner will need to stick to those rents.

Ms. Katzoff clarified for the record that the 4 non-penthouse units will be rent restricted to qualify for the PILOT. Ms. DeLaney clarified that the property was not acquired by the Land Bank.

Ms. Stevens, the project facilitator, said Mr. Elahi purchased other properties on the North Side through the Land Bank and helped refugees get on their feet.

Mr. Elahi said he was asked by councilman Jake Barrett about his construction team and gave them 5 Land Bank properties. Ex-incarcerated, welfare, refugees helped with renovations of these properties. It was a great success. Six years ago he was encouraged to form an asbestos abatement group and he got a license to do asbestos abatement and got NBE certified. He employs approximately 75 people and all jobs are mostly out of the City of Syracuse, all at prevailing wage (focused on recently incarcerated individuals, welfare area, refugees). He is not typical company a typical contractor and is learning as he goes and often has cash flow problems.

Mr. Brown thanked Mr. Elahi for his explanation of his experiences and background.

There being no further discussion, Ms. Murphy asked for a motion to approve a resolution for a public hearing. Mr. Sonneborn made the motion. Mr. Kinsey seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION DETERMINING THAT THE ACQUISITION, RESTORATION, PRESERVATION, RECONSTRUCTION, RENOVATION, EQUIPPING AND COMPLETION OF A MIXED-USE FACILITY AT THE REQUEST OF THE COMPANY CONSTITUTES A PROJECT; DESCRIBING THE FINANCIAL ASSISTANCE IN CONNECTION THEREWITH; AND AUTHORIZING A PUBLIC HEARING.**

HP, Syracuse LLC/Equitable Financial Life Insurance Company

Ms. Delaney advised that the Agency received joint applications (included in the Board's agenda packet) from HP Syracuse LLC/Holder Properties and Equitable Financial Life Insurance Co. and described the project. She said the companies are requesting the board authorize the Agency to act as Lead Agency for the purposes of SEQRA review and further authorize a Public Hearing for the Project. Total cost of construction is estimated at \$50,000,000 with FF&E and tenant improvements estimated at \$24,000,000. The applicants are requesting benefits from the Agency in the form of mortgage tax exemption, sales tax exemption and a PILOT Agreement utilizing a 15-year Priority Commercial and Residential PILOT.

Mr. Griffin, counsel to the applicant, advised AXA is now known as Equitable (spun off from its parent). They currently have approximately 700 employees. Equitable's employment is in 4 locations in the country. The location in the Carolinas had the ability to expand but with the State grant and the potential of financial assistance from the Agency HP has a great resume of doing these types of projects successfully and has access to the capital to pull it off. This is a large project, like Amazon where the builder developer owner built the facility and separate improvements and buildout were done by the tenant entity. He said the applicants request to enter into a lease/leaseback with Holder Properties so they can have sales tax and mortgage tax savings during construction (and they are responsible for construction jobs) then transfer the responsibility going forward for loss of benefits section is on Equitable because Equitable committed to the State of New York not to drop below 500 jobs. Equitable is tenant and Holder is the landlord and would sign the PILOT Agreement.

Ms. Murphy reminded board that Mr. Griffin will be at November Finance Committee.

Ms. Murphy asked for a motion to authorize a public hearing. Mr. Thompson made the motion. Mr. Sonneborn seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION DETERMINING THAT THE ACQUISITION, CONSTRUCTION, EQUIPPING AND COMPLETION OF A COMMERCIAL FACILITY AT THE REQUEST OF THE COMPANY CONSTITUTES A PROJECT; DESCRIBING THE FINANCIAL ASSISTANCE IN CONNECTION THEREWITH; AND AUTHORIZING A PUBLIC HEARING.**

Ms. Murphy asked for a motion to authorize the Agency to act as Lead Agency for purposes of SEQRA. Mr. Kinsey made the motion. Mr. Thompson seconded the motion. **ALL BOARD**

MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION CLASSIFYING A CERTAIN PROJECT AS A TYPE I ACTION AND DECLARING THE INTENT OF THE CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY TO BE LEAD AGENCY FOR PURPOSES OF A COORDINATED REVIEW PURSUANT TO THE STATE ENVIRONMENTAL QUALITY REVIEW ACT.

Dupli Associates LLC

Ms. Katzoff explained that the board was being asked by Dupli to bifurcate the structure of the lease transaction to account for the need to have single purpose entities (SPEs) for the purpose of the historic tax credit structure. The project always anticipated being financed in part by historic tax credits. As Tim Lynn indicated, Merrill-Soule Building on Franklin has received its designation and is ready to close. The tax credit investor requires it be housed in a single purpose LLC. The request to the Agency is to approve the amendment of the lease transactional documents to accommodate that separate SPE structure. Once the Amphion Player Building receives its designation it will close on the same exact structure. The Tax credit investor may or may not be the same. The company is not seeking any changes or increases in financial benefits previously approved. 2 leases, 2 PILOTS (2 separate schedules) – one for each building and each SPE.

Ms. Katzoff said the tax credit investors request is standard. This project is different because there are two parcels.

Ms. Murphy confirmed the project will remain at the benefits already conferred, it's just separating the transaction into two parts and remain at the same number.

Mr. Lynn reported Merrill-Soule is set to go with Tompkins and NBT. They are pushing to close at the end of November, early December.

Mr. Sonneborn asked if there are any other hurdles. Mr. Lynn said biggest delays are in underwriting and getting building permit issued. Amphion Player Building anticipated closing with tax credit investor in July/August 2021.

Ms. Murphy asked for a motion authorizing the modification of the financial structure and amendment of the documents to reflect same. Mr. Kinsey made the motion. Mr. Thompson seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION AUTHORIZING THE ADDITION OF A PROJECT OWNER OR OPERATOR, AMENDMENTS TO CERTAIN TRANSACTIONAL DOCUMENTS AND THE EXECUTION AND DELIVERY THEREOF.**

2981 Erie Blvd. East

Ms. Katzoff advised that the Agency received correspondence from counsel for 2921 Erie Blvd. East LLC of the property indicating that during the course of the sale of the property a title search reflected mortgages securing the Agency in 1984 and 1986 appear as outstanding but they should have been discharged. One of the mortgages contains a scribner's error and references the City of Syracuse Industrial Development Corporation. No such entity exists. Counsel for the mortgagor has provided receipts that the debt has been paid in full. The Agency's records also

show no outstanding debt to this borrower. Mortgages have long ago matured by their terms. Title company suggested that a corrective mortgage be executed to correct the mortgage to name of the Agency instead of the "Corporation" and then prepare and file mortgage satisfactions. Two letters were produced from counsel (and included in the Board's packet) each from the City of Syracuse on behalf of the Agency to the company/mortgagor referencing these HUD mortgages. Agency took the mortgage to secure the HUD payments. Also in the board's packet are letters showing final payments made on these mortgages on behalf of the company.

Ms. Katzoff said the recommendation is the Agency authorize and deliver a corrected mortgage and satisfactions for both mortgages and a satisfaction of the corresponding assignment of leases and rents related to the mortgages given to the Agency in 1984 and 1986 to secure certain HUD financing. The company has agreed to provide any necessary indemnification. The Agency has no other interest in that property. Ms. Katzoff had Ms. DeLaney confirm that these were not SEDCO loans.

Ms. Murphy asked for a motion to approve the resolution. Mr. Sonneborn made the motion. Mr. Kinsey seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION AUTHORIZING THE AGENCY'S PARTICIPATION IN THE CORRECTION, DISCHARGE AND TERMINATION OF CERTAIN MORTGAGE DOCUMENTS AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS IN CONNECTION THEREWITH.**

Agency Budget (2021)

Mr. Vavonese advised that the Agency's Finance Committee met on October 14, 2020 at which time the proposed 2021 budget was reviewed. Questions were raised and we followed-up with some changes and they are now incorporated in the budget included in the agenda packet (reduced several expense lines and maintained a fairly conservative outlook on revenue and changed the format of the current year to a projection for the full year).

Ms. Murphy asked for a motion to adopt the proposed Agency budget for 2021. Mr. Thompson made the motion. Mr. Sonneborn seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED ADOPTION OF THE PROPOSED AGENCY BUDGET FOR 2021.**

Ms. Murphy noted that we will be revising the budget whenever they feel it is needed for board's clarification and Board and the Board can feel free to ask for clarification. Staff will closely watch due to COVID, the pandemic and state's declaration for emergency has had an impact.

Mr. Sonneborn thanked Ms. DeLaney and Mr. Vavonese for their explanation. Full agenda in November and how time will be controlled. Ms. DeLaney said yes, three public hearing are scheduled but nothing we can do about it.

Ms. Murphy reminded the board about the invitation received from JMA by each Board member to tour the facility. Ms. Murphy is going and hopes other will attend.

VII. Adjournment

There being no further business to discuss Ms. Murphy asked for a motion to adjourn the meeting. Mr. Kinsey made a motion. Mr. Brown seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO ADJOURN THE MEETING AT 9:11 AM.**