

City of Syracuse Industrial Development Agency

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Minutes

Board of Directors Meeting

Tuesday, December 21, 2021

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 with public access.

Board Members Present: Kathleen Murphy, Steven Thompson, Rickey T. Brown, Kenneth Kinsey, Dirk Sonneborn

Staff Present: Susan Katzoff, Esq. and Lori McRobbie

Others Present: Timothy Lynn, Esq., Christopher Bianchi, Scott Dumas, Kevin Delaney, Gail Montplaisir, Merike Treier, Gail Cawley, Mark Jenkins, Owen Kerney and Matthew Paulus

I. Call Meeting to Order

Ms. Murphy called the meeting to order at 8:01 a.m.

II. Roll Call

Ms. Murphy acknowledged that in addition to herself, Board members Steven Thompson, Rickey T. Brown, Kenneth Kinsey 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 November 16, 2021 Board of Directors meeting. Mr. Sonneborn made the motion. Mr. Kinsey seconded the motion. There being no discussion, **THE MOTION TO APPROVE THE MINUTES FROM THE NOVEMBER 16, 2021 BOARD OF DIRECTORS MEETING WAS UNANIMOUSLY APPROVED.**

V. New Business

Salina 1st, LLC

Ms. Katzoff advised that this project was induced in 2019 and is located at 1081 South Salina Street. It is a mixed-use, Brownfield clean-up project that is now ready to close with the Agency. Due to impacts COVID has had to supply chain and costs the Company advised that its project costs have increased from approx. \$6.5M to approx. \$11.3M and therefore is requesting an increase in the approved sales tax abatement by \$60,000 and an increase in the approved mortgage tax abatement by approx. \$27,000. Ms. Katzoff said there is no change in the value of the PILOT abatement previously approved, however, the PILOT schedule needs to be revised to account for recalculations for current tax rates due the delay in closing.

Ms. Katzoff further advised that the Company may be changing their membership interests in the Company to create an Opportunity Zone Fund. In addition, the Company identified three of its construction lenders which are outlined in the resolution and are seeking approval for the Agency to participate in the financing which the Company hopes will occur within the first quarter of 2022.

Ms. Murphy asked if the board had any questions and indicated Gail Montplaisir was in attendance for questions.

Mr. Sonneborn asked if there is an increase in the scope of work as well?

Ms. Montplaisir stated they are making it a net zero project and they were awarded a \$1M grant from NYSERTA for solar on the project which does increase costs substantially.

Ms. Katzoff clarified that that addition of solar does not increase the scope of the project because the end product is the same. The project will be more green but no change in usage from what has been previously presented and approved.

Mr. Thompson asked about changes in tenants to the project?

Ms. Montplaisir said there is no change in tenancy. Both Emanuel Henderson and Eli Smith will be moving their companies to the project site.

There being no further discussion Ms. Murphy asked for a motion to approve a resolution authorizing an increase in the amount of both mortgage and sales tax abatements and an updated PILOT schedule. Mr. Brown made the motion. Mr. Kinsey seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION AUTHORIZING (1) AN INCREASE IN THE AMOUNT OF FINANCIAL ASSISTANCE AWARDED TO THE PROJECT; (2) AN UPDATED PAYMENT IN LIEU OF TAX SCHEDULE; (3) AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH.**

JMA Tech Properties

Ms. Katzoff stated this project closed in June 2020 and is requesting an extension of their sales tax appointment through June 30, 2022. She stated that the Company advised it experienced

delays and cost increases due to COVID and therefore, in addition to the extension, submitted a Supplemental Application requesting an increase in sales tax exemption and mortgage recording tax exemptions. Project costs increased from approx. \$27M to approx. \$31M resulting in an increase of \$200,000 in sales and use tax exemptions and \$75,000 in mortgage recording tax exemptions. Ms. Katzoff advised that a public hearing is required because the increase in financial assistance exceeds \$100,000.

Ms. Katzoff said that Gail Cawley was in attendance at the meeting should the board have any questions for her.

There being no discussion, Ms. Murphy asked for a motion to approve a resolution authorizing both an extension of the sales tax appointment and a public hearing with respect to the increase in financial assistance. Mr. Thompson made the motion. Mr. Sonneborn seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION APPROVING AN EXTENSION OF THE APPOINTMENT OF THE COMPANY AND ITS SUB-AGENTS AS AGENTS OF THE AGENCY UNTIL JUNE 30, 2022; AUTHORIZING A PUBLIC HEARING WITH RESPECT TO AN INCREASE IN THE AMOUNT OF FINANCIAL ASSISTANCE FOR THE PROJECT; AND AUTORIZING THE EXECUTION AND DELIVERY OF ANY AND ALL NECESSARY DOCUMENTS.**

Smith Building, LLC

Ms. Katzoff advised the board that Smith Building, LLC is requesting an extension of their sales tax appointment through December 31, 2022 due to delays caused by COVID and supply chain issues.

Ms. Katzoff said Matthew Paulus was in attendance at the meeting should the board have any questions for him.

There being no discussion, Ms. Murphy asked for a motion to approve the resolution authorizing the extension of the Company's sales tax appointment through December 31, 2022. Mr. Brown made the motion. Mr. Kinsey seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION AUTHORIZING AN EXTENSION OF THE APPOINTMENT OF THE COMPANY AND ITS SUB-AGENTS AS AGENTS OF THE AGENCY UNTIL DECEMBER 31, 2022; AND AUTHORIZING THE EXECUTION OF ANY AND ALL NECESSARY DOCUMENTS.**

Addis Building LLC

Ms. Katzoff advised the board that Addis Building LLC is requesting an extension of their sales tax appointment for the Project until December 31, 2022 due to delays caused by the COVID-19 pandemic. Ms. Katzoff said the Company is not requesting an increase in financial assistance. She said the Company closed with the Agency in 2019 and has received extensions previously due to permitting and easement issues in addition to COVID related issues and that this would be the final extension.

Ms. Katzoff said Timothy Lynn was in attendance at the meeting representing the Company should the board have any questions regarding the request or the project.

There being no discussion, Ms. Murphy asked for a motion to approve the resolution. Mr. Thompson made the motion. Mr. Sonneborn seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION AUTHORIZING AN EXTENSION OF THE TERM OF THE LEASES BETWEEN THE AGENCY AND THE COMPANY AND THE APPOINTMENT OF THE COMPANY AND ITS SUB-AGENTS AS AGENTS OF THE AGENCY UNTIL DECEMBER 31, 2022; AND AUTHORIZING THE EXECUTION OF ANY AND ALL NECESSARY DOCUMENTS.**

1970 W. Fayette LLC

Ms. Katzoff advised that 1970 W. Fayette LLC has requested a waiver of a portion of the insurance requirements with regards to use of an out of state insurance provider. She reminded the board of the Company's insurance requirements under the Agency Lease including the requirement that the insurance company is to be highly rated and licensed in New York.

Ms. Katzoff said this project closed approximately two weeks ago and that the Company could not obtain general liability coverage from an insurance company licensed in New York due to the age of the building, environmental issues and structural changes that are going to take place. The Company did provide such coverage from a highly rated carrier but one that is not licensed in NYS. The Chair authorized the closing contingent upon the Company seeking this waiver from the board.

Ms. Katzoff advised that Scott Dumas and his insurance broker, Kevin Delaney, were in attendance at the meeting to explain the situation.

Ms. Katzoff said the Company is requesting a waiver for the one piece of insurance requirement solely with respect to using Allied World Surplus Lines Insurance Company ("Allied") for its general liability coverage. The requested waiver would apply solely with respect to the GL Coverage being provided by Allied. If the Company changed providers they will have to comply with the lease terms. She further advised that if Allied's rating was down-graded the Company shall immediately notify the Agency and then all terms and conditions under the Agency Lease would apply without benefit of the any approved waiver.

Mr. Sonneborn asked if we have had this request before?

Ms. Katzoff said the board has not received this request before but that does not give her pause because of the unique set of circumstances with regards to the building.

Mr. Thompson asked if the amounts and terms of the coverage are the same?

Mr. Dumas stated and Ms. Katzoff summarized that yes, the amounts and terms of the coverage are the same. Should the insurance company's rating decline, the Company would be required to notify the Agency and place with a different A-rated insurance company.

Mr. Sonneborn said it causes him pause when three A-rated companies declined coverage to the Company. He wants to make sure of the expertise to evaluate the insurance company that is going to rate this coverage.

Mr. Dumas said Allied has been in existence since 1995 and has \$7M in reserves to pay claims is an excellent company. It is important that the Agency is notified of the financial strength of the company and that the broker is monitoring that through the process.

Mr. Sonneborn stated he does not understand the real risks are with the project that cause the other insurance company pause.

Ms. Katzoff said the risk to the Agency if someone sues the Company the Agency is in the chain of title – an A-rated insurance company has the wherewithal to back their claims. Staff is comfortable that this insurance company can back its claims – Allied's A-rating gives you that level of comfort.

Mr. Sonneborn said he is good with that explanation.

Ms. Katzoff said should the board approve the requested waiver, an amendment will be made in the Agency Lease outlining the terms and conditions from the resolution. The amendment/updated Agency Lease will be provided to the Company should the board approve the waiver.

There being no further discussion, Ms. Murphy asked for a motion to approve the resolution pursuant to the terms discussed. Mr. Kinsey made the motion. Mr. Brown seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY AUTHORIZING A WAIVER OF CERTAIN INSURANCE PROVISIONS PROVIDED FOR IN THE AGENCY LEASE.**

Rezone Project – Clarion Associates LLC

Ms. Katzoff advised the board that in 2019 the Agency approved an agreement with Clarion Associates LLC to assist the City with its Rezone Syracuse Project with regards to putting a process in place for new development applicants to have easier access to information regarding zoning, permitting and the like. Due to the COVID-19 pandemic the City's Planning Division is requesting an extension of the term of the agreement through December 2022 to allow them to finish the work they started that was stopped due to the pandemic. They are not requesting additional money and there is no change in the scope to what was originally agreed to.

Ms. Katzoff said that Owen Kearny is in attendance at the meeting for questions and asked Mr. Kearny to advise the board where the project stands.

Mr. Kearny said that the project is being reintroduced along with the rezone ordinance and map to the new Common Council. The process will be restarted at the late January 2022 meeting and it is estimated to be a 5-6 month process due to environmental reviews. Concurrently, they will be working on the task that SIDA provided funding for; mainly, the administrative manual and the new applications and ongoing consultation.

Ms. Murphy asked if the board had any questions. There being none, she asked for a motion to approve the resolution. Mr. Sonneborn made the motion. Mr. Thompson seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT TO**

EXTEND THE TERM OF A CONTRACT WITH CLARION ASSOCIATES IN FURTHERANCE OF THE OPENCOUNTER PROJECT.

Downtown Committee of Syracuse

Ms. Katzoff told the board that the Agency partnered with the Downtown Committee in October 2019 and entered into a Cooperation Agreement, as amended in December 2020, to provide funding for marketing, advertising and beautification efforts in addition to security and maintenance services. The Cooperation Agreement is due to expire December 31, 2021. Ms. Katzoff advised that due to delays caused by the COVID-19 pandemic, the Downtown Committee is requesting a six-month extension to June 30, 2022 to continue to use the balance of the funding to benefit the downtown corridor. No additional financial assistance is being requested.

Ms. Katzoff advised that Merike Treier with the Downtown Committee was in attendance and available for any questions the board may have.

There being no discussion, Ms. Murphy asked for a motion to approve the resolution. Mr. Sonneborn made the motion. Mr. Thompson seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION AUTHORIZING AN EXTENSION OF THE SECOND AMENDED COOPERATION AGREEMENT BETWEEN THE DOWNTOWN COMMITTEE OF SYRACUSE AND THE AGENCY THROUGH JUNE 30, 2022.**

Crouse Health System – 2003 Series A Bonds

Ms. Katzoff advised the Board that in 2003 the Agency issued tax-exempt bonds to finance a project at the request of Crouse Health Systems. Crouse is looking to clear title and is requesting termination of the old lease which remains open on the record with the County Clerk's office. Staff confirmed that the bonds were fully redeemed (paid off) in October 2017. Ms. Katzoff said counsel has reviewed the documents and recommends termination of the lease.

There being no further discussion, Ms. Murphy asked for a motion to approve the resolution. Mr. Sonneborn made the motion. Mr. Thompson seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION APPROVING THE TERMINATION OF A CERTAIN LEASE; AND AUTHORIZING THE EXECUTION OF ANY AND ALL NECESSARY DOCUMENTS.**

101 North Salina Street LLC

Ms. Katzoff said that the Company advised of a change in the ownership of the LLC. The change has been reviewed by Agency counsel and it was determined that no further action is required.

Ms. Katzoff said this project closed on December 17, 2021. The company provided a substitution page for its application which was included in the board's packet.

341 Peat Street (former Syracuse Rigging Site)

Ms. Katzoff advised that several years ago the Agency was authorized to submit an application to New York State Department of Environmental Conservation ("DEC") for a grant program that would result in the DEC coming in and cleaning up the property located at 341 Peat Street, also known as the former Syracuse Rigging Site, that the Agency owns. The DEC awarded the Agency a grant. Under the terms of the grant, the DEC cleans up the property and the Agency contributes 10% of the total cleanup costs.

The Agency received a letter from the DEC late Friday afternoon regarding the ongoing clean-up project and indicating that the cost of remediation has increased and therefore the Agency's portion of the clean-up cost has increased. The increase is \$16K above and beyond what has already been set aside by the Agency.

Ms. Katzoff said she has not had an opportunity to discuss the letter with the Executive Director, Judy DeLaney, but that the Agency does not have much of a choice. Per the grant agreement the Agency must pay their 10% share. Since the estimated cost has increased, the amount the Agency owes has increased.

Ms. Katzoff asked the Chair if the board wanted to move on this matter today or hold until January? No deadline in the letter but may have been relayed to Ms. DeLaney.

Ms. Murphy asked if anyone had any thoughts?

Mr. Sonneborn asked if the letter indicates if this is expected to be the only or the final increase?

Ms. Katzoff said no. If DEC expenses go up then the amount the Agency is responsible for goes up.

Mr. Thompson suggests that for the low dollar value in the big scheme and suggested to move forward now if no one had other concerns.

Mr. Sonneborn agreed.

Ms. Murphy she would take that Mr. Thompson's suggestion as a motion seconded by Mr. Sonneborn to approve DEC's request for up to \$20K increase with regard to the Peat Street site cleanup. Should further action become necessary a special meeting will be arranged.

Mr. Sonneborn asked if Ms. Murphy can be authorized to decide if a special meeting is necessary. Mr. Thompson agreed.

VI. Other Business

2022 Board of Directors Meeting Schedule

Ms. Murphy said she will circulate the 2022 schedule separately.

Board Evaluations

Ms. Murphy advised the board evaluations will be emailed as well. They will be due back by the end of the year, if possible.

Lipe Art Park

Mr. Sonneborn asked about the current status of the art park on West Fayette and said it needs some attention/maintenance.

Ms. Katzoff said she did not know the current status but ownership has not yet transferred to the City. Ms. Murphy confirmed. It is a long process and she will get an update and share it with the board.

Mr. Sonneborn asked if SIDA is still responsible, someone should go over and stand up the statue that was knocked over and clean up any trash.

VII. Adjournment

There being no further business to discuss, upon unanimous consent, the meeting was adjourned at 8:51 a.m.