

City of Syracuse Industrial Development Agency

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Minutes

Board of Directors Meeting

Tuesday, October 19, 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: Judith DeLaney, Susan Katzoff, Esq., Lori McRobbie and John Vavonese

Others Present: Timothy Lynn, Esq., Christopher Bianchi, Jeremy Thurston, Kevin McAuliffe, Esq., Milan Tyler, Esq., Lindsey Haubenreich, Esq., John Lenio, Scott Dumas, Esty Kohn, Megan Craig, Motty Spitzer, Deli Vargas, Khash Bayani, Phil Gardner, Matt Rayo

I. Call Meeting to Order

Ms. Murphy called the meeting to order at 8:02 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. Public Hearings

400 South Salina Street LLC¹

Ms. Murphy opened the Hearing at 8:03 a.m. and asked Ms. DeLaney to read the Notice of Public Hearing on the project. A copy of the notice is attached and included in the minutes.

¹ The hearing was open to the public in accordance with Executive Order 202.1.

Ms. DeLaney read the notice that was published in the newspaper into the record. No written comments were received. Ms. Murphy asked if anyone wanted to speak in favor of this project. She asked if the applicant or its representatives wished to speak.

Mr. Thurston spoke in favor of the project and indicated his appreciation for the support of the Board and excited to bring this building back to life and make it an integral part of the Downtown network. The Redhouse which occupies part of the building is also looking forward to the development of the building.

Ms. Murphy then asked if anyone wished to speak in opposition to the project. No one spoke in opposition to the project.

Ms. Murphy closed the Public Hearing at 8:09 a.m.

Jemal's Gridley LLC²

Ms. Murphy opened the Hearing at 8:10 a.m. and asked Ms. Katzoff to read the Notice of Public Hearing on the project. A copy of the notice is attached and included in the minutes.

Ms. Katzoff read the notice that was published in the newspaper into the record. No written comments were received and Ms. Katzoff indicated that the applicant/owner and Sarah Stevens, his representative, were on the line for any questions. Ms. Murphy asked if anyone had any comments in support of this project. She asked if the applicant wished to speak.

Mr. Gardner of Douglas Development representing Jemal's Gridley thanked the Board and said they are excited to be underway on this project.

Ms. Murphy asked if anyone else wished to speak in favor of the project. No one else spoke in favor.

Ms. Murphy then asked if anyone wished to speak in opposition to the project. No one spoke in opposition to the project.

Ms. Murphy closed the Public Hearing at 8:14 a.m.

300 Washington St. LLC³

Ms. Murphy opened the Hearing at 8:14 a.m. and asked Ms. DeLaney to read the Notice of Public Hearing on the project. A copy of the notice is attached and included in the minutes.

Ms. DeLaney read the notice that was published in the newspaper into the record. No written comments were received. Ms. Murphy asked if a representative for the applicant wished to speak.

Mr. Spitzer, speaking on behalf of the applicant, thanked the board for its continued support through the years.

² The hearing was open to the public in accordance with Executive Order 202.1.

³ The hearing was open to the public in accordance with Executive Order 202.1.

Ms. Murphy asked if anyone else wished to speak in favor of the project. No one else spoke in favor.

Ms. Murphy then asked if anyone wished to speak in opposition to the project. No one spoke in opposition to the project.

Ms. Murphy closed the Public Hearing at 8:18 a.m.

V. Minutes

Ms. Murphy asked for a motion approving the minutes from the September 30, 2021 Board of Directors meeting. Mr. Thompson made the motion. Mr. Kinsey seconded the motion. **THE MOTION TO APPROVE THE MINUTES FROM THE SEPTEMBER 30, 2021 BOARD OF DIRECTORS MEETING WAS UNANIMOUSLY APPROVED.**

VI. New Business

Syracuse Bread Factory, LLC

Ms. Katzoff stated this project involves the former Cooper Decoration Company building, a historic building located at 200 Maple Street for which a public hearing was previously held. It involves the conversion of an approximately 64,000 sq. ft. building to mixed-use residential and commercial including some art studios. It is an approximately \$16,000,000 project. The applicant is requesting benefits from the Agency in the form of State and local sales and use tax exemption and mortgage recording tax exemption benefits. They are not requesting a PILOT. The Agency previously appointed itself lead agent for purposes of a coordinated SEQRA review. All notices that were required to involved or interested parties were provided. The appropriate time has passed. The applicant submitted a full EAF and upon review it was determined that this project is a Type 1 action. Parts 2 and 3 which were prepared by the Agency are attached to your agenda indicating the Agencies' findings and that the project will not have a significant impact on the environment and as a result a negative declaration is being proposed. The first resolution for consideration is the SEQRA resolution making the foregoing findings.

There being no discussion Ms. Murphy asked for a motion to approve the SEQRA resolution with negative declaration. Mr. Brown made the motion. Mr. Kinsey seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION DETERMINING THAT THE UNDERTAKING OF A CERTAIN PROJECT AT THE REQUEST OF SYRACUSE BREAD FACTORY, LLC WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.**

Ms. Katzoff then asked the Board to consider the inducement resolution. The project will create 33 new full-time jobs and the Project is located in a Highly Distressed Area of the City. This resolution also authorizes the execution and delivery of an Agency Agreement which she noted needs to be executed by the Company and returned with 14 business days. It authorizes the undertaking of the project and State and local sales and use tax exemptions in an amount not to exceed \$666,880 and mortgage recording tax exemptions in an amount not to exceed \$63,000. No PILOT is being requested.

There being no discussion Ms. Murphy asked for a motion to approve the inducement resolution. Mr. Brown made the motion. Mr. Thompson seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION AUTHORIZING THE UNDERTAKING, ACQUISITION, RECONSTRUCTION, RENOVATION, EQUIPPING AND COMPLETION OF A PROJECT; APPOINTING THE COMPANY AS AGENT OF THE AGENCY FOR THE PURPOSE OF THE ACQUISITION, RECONSTRUCTION, RENOVATION, EQUIPPING AND COMPLETION OF THE PROJECT; AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT BETWEEN THE AGENCY AND THE COMPANY.**

Ms. Katzoff then requested consideration of a final resolution for the project authorizing the execution and delivery of all necessary lease transactional documents to confer the approved financial assistance benefits on to the project.

Ms. Katzoff asked to hear from the applicant with respect to the timing of closing with the Agency on the project. Mr. Lynn said he was not sure but he will check with Tony D'Elia and let her know.

There being no further discussion, Ms. Murphy asked for a motion to approve the final resolution. Mr. Brown made the motion. Mr. Kinsey seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS BY THE AGENCY IN CONNECTION WITH A COMMERCIAL PROJECT UNDERTAKEN AT THE REQUEST OF THE COMPANY.**

300 Washington Street, LLC

Ms. Murphy noted a Public Hearing had just concluded. Ms. Katzoff said as we heard at the public hearing, this project closed a couple of years ago and it was always anticipated, and previously authorized, that a mortgage recording tax exemption would be provided. The original amount approved when the project was authorized was valued at just over \$263,000. We also knew at that time the Company self-funded the construction and they were going to utilize the exemption benefit when they took out permanent financing to cover the cost of construction. The project is, for the most part, complete and Ms. Katzoff believes it is close to being fully occupied on the tenant side and the Company is working with a lender to put the permanent financing in place. They wish to take out a mortgage that exceeds the amount originally anticipated. The Company is seeking an increase in the exemption by \$186,847.50. There are representatives of the Company on the call for any questions the Board may have. The mortgage would not only cover the original construction costs to get them through completion but also carrying costs they have incurred during this period of time.

Ms. Katzoff noted that any approval given today is contingent upon receipt and review of mortgage documents and an appraisal which is standard for all the Agency's projects.

Mr. Thompson asked if we have received the requested document yet.

Ms. Katzoff said not yet because the Company is still working with the lender. She said the Agency will not provide the mortgage recording tax exemption benefits unless and until she

receives and reviews the documents and finds them satisfactory. All of the approvals that the Agency gives have language that they are subject to the Chair's approval as well. She will share the documents with Ms. Murphy and Ms. DeLaney. She said Mr. Thompson can table the resolution if he wants.

Mr. Thompson said it is a significant amount of change. Has anyone seen documentation that we are on the right path? Ms. Katzoff noted the only document she or the Agency have seen is the request from the Company requesting the increase and their commitment to provide the mortgage documents and the appraisal.

Mr. Thompson asked a representative of the Company to explain the significant increase in costs.

Mr. Spitzer said this project took longer than anticipated. Even though the owners self-financed, they assumed interest and the overall longevity of the project ended up costing much more. Therefore, they are seeking to take out a bigger mortgage.

Mr. Thompson said the amounts doubled and asked Mr. Spitzer how does he account for that.

Mr. Spitzer said you always under value and try to over accomplish what we do. They tried to accomplish the project with \$35,000,000 but right now they are seeing the assumed cost was much more than that so they are trying to take out the amount of money that will make the owners whole after all those years.

Mr. Thompson said he still has reservations.

Ms. Katzoff asked if it was possible to have the applicant submit a detailed project cost to demonstrate the increase of costs as a result of time?

Mr. Spitzer said yes, if that is requested by the Board.

Ms. Katzoff said she thinks that will be helpful to address Mr. Thompson's concerns about the increase in costs. Ms. Katzoff inquired of Mr. Thompson whether that list, along with the mortgage documents and the appraisal, coupled with a review by Ms. Murphy and Ms. DeLaney would alleviate his concerns or did he wish that the matter be brought back to full board.

Mr. Thompson said he was satisfied with the former (a review by Ms. Katzoff, Ms. DeLaney and Ms. Murphy) and provided the information was provided and the lender was satisfied he was comfortable.

Ms. Katzoff said subject to comments of other board members, she asked that Mr. Spitzer supply the detailed project cost increase to Ms. DeLaney to be shared with staff. Should the Board approve it today, the approval will be contingent upon receipt and review of the project cost detail showing the increases, the mortgage documents and the appraisal to be reviewed and approved by Ms. Murphy, Ms. DeLaney and herself.

Mr. Thompson said he believes it is a wonderful project but just wants more information about the significant increase being requested. Mr. Spitzer said he understands and they will try to provide that to the Board.

There being no further discussion, Ms. Murphy asked for a motion to approve the resolution pending review and approval of a new detailed project cost statement, mortgage documents and appraisal.

Ms. Katzoff said we will amend the resolution, if approved, to amend the added conditions.

Mr. Thompson made the motion. Mr. Sonneborn seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION APPROVING AN INCREASE IN THE AMOUNT OF FINANCIAL ASSISTANCE AWARDED TO THE PROJECT; AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH.**

1970 West Fayette LLC

Ms. Katzoff reported that this is project was previously approved and involves the renovation of a 3-story building for commercial use. We are close to closing on this project. The Company has come back and requested the Agency approve a delay in the commencement of the PILOT schedule under the PILOT Agreement by one year to provide them the full benefit following construction. So the 10-year exemption of the PILOT remains at 10 years, they are just asking that the commencement of the schedule be delayed by one year to allow them to complete construction. By closing at the end of the year they will immediately go off the tax roll and not see the full benefit of the exemption because construction will not be complete. During that one-year extension, the Company will be paying 100% of real property taxes as if the Agency was not involved at all. The 10-year exemption schedule would kick in the following year. No new SEQRA review or public hearing is required. Mr. Dumas is on the line for questions.

Mr. Dumas thanked the Board for their time and assistance.

Ms. Katzoff added that attached to the resolution are both the PILOT schedule previously approved and the PILOT schedule which is still 10 years, but the numbers are re-run so the City does not lose out on the built in 2% tax increase. Over the course of 10 years, the applicant will actually pay a little bit more.

Ms. Murphy asked for a motion to approve the resolution. Mr. Thompson made the motion. Mr. Brown seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION APPROVING AN AMENDED PAYMENT IN LIEU OF TAX SCHEDULE AND SCHEDULE COMMENCEMENT DATE FOR A PREVIOUSLY APPROVED PROJECT.**

Agency Budget

Mr. Vavonese reported that the Finance Committee met last week to review the budget for the upcoming fiscal year. Several revisions were discussed and incorporated into the budget before the Board. The budget, as revised, was recommended for approval.

However, there was a slight oversight which affects this year's projection on the grant distribution expense line. There was a resolution approved in May 2021 related to the JMA project for infrastructure work for which they requested assistance in the amount of \$230,000.

They are asking for that reimbursement so that amount had to be added to this year's projection so that alters what the Finance Committee was asked to recommend. The bottom line ends up being a deficient of \$161,000. The Executive Director said we are being conservative on the fees for the year. There are a good deal of projects awaiting approval and it comes down to how many will close this year and fees be realized and how many will be delayed into next year.

Mr. Vavonese said the Board is being asking to approve the budget with that additional change.

Mr. Sonneborn asked if the \$161,000 includes the distribution to JMA? Mr. Vavonese said yes it does.

Ms. Murphy asked for further questions, concerns or comments. Ms. Murphy said the Board receives quarterly updates either at the Finance Committee level or at the Board meetings.

There being no further discussion, Ms. Murphy asked for a motion to adopt the proposed Agency budget for 2022. Mr. Brown made the motion. Mr. Thompson seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED ADOPTION OF THE PROPOSED AGENCY BUDGET FOR 2022.**

VII. Adjournment

There being no further business to discuss Ms. Murphy asked for a motion to adjourn the meeting. Mr. Brown made a motion. Mr. Thompson seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO ADJOURN THE MEETING AT 8:45 AM.**