# City of Syracuse Industrial Development Agency

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# Minutes

# Board of Directors Meeting

# Tuesday, March 21, 2023

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

**Staff Present:** Eric Ennis,Susan Katzoff, Esq., Lori McRobbie

**Others Present**: Kathleen Bennett, Esq., Michael Lisson, Bryan T. Czarnecki, Wendy Lougnot, Esq., James Trasher, Michael O'Shea, Richard Kornbluth, Rick Moriarty

# Call Meeting to Order

# Ms. Murphy called the meeting to order at 8:10 a.m.

# Roll Call

Ms. Murphy acknowledged that all board members were present.

# Proof of Notice

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

# Public Hearing

# Ms. Murphy opened the Hearing at 8:11 a.m. and asked Mr. Ennis to read the Notice of Public Hearing on the project. A copy of the notice is attached and included in the minutes.

# Mr. Ennis read the notice that was published in the newspaper into the record.

# Ms. Murphy noted that the Agency received four (4) letters in support of the project which will be included in the record.

# Ms. Murphy asked if anyone wanted to speak in favor of this project. She asked if the applicant or its representatives wished to speak.

# James Trasher from CHA, project engineers. The applicant is seeking exemptions from sales and use tax, mortgage recording tax and real estate tax benefits due to what is going on in the world today with labor costs and inflation. The project has received all approvals from the Zoning Board of Appeals, Planning Commission and sign off from SHPO in relation to the Ward Wellington Ward house/former Ronald McDonald house. Demolition started in order to get the site pad ready for construction. Without IDA benefits the project would likely to come to a standstill because the equity partners and lenders are looking for those benefits to get the proforma on this project where it needs to be to move forward.

# Ms. Murphy asked if anyone wanted to speak for or against the project.

# Aggie Lane from the Urban Jobs Task Force (UJTF) commended the board. This is one of the biggest projects that will need to comply with the Agency's new policy regarding use of 10% Syracuse labor. She pointed out that there is a City initiative under CNY Works called Syracuse Build that has a software that is like a hiring hall. She said the TLSP Coda applicant could connect with Chris Montgomery at Syracuse Build for assistance. 10% on MWBE – really commendable. UJTF is looking forward to when the Agency will require more affordable residential requirements, perhaps July 1st. UJTF feels there needs to be besides PILOTS, community benefits that benefit the little person in the City. They are glad the Agency is moving towards that direction.

# Ms. Murphy thanked Ms. Lane for the input. She asked if there were any more speakers.

# Mr. Kornbluth asked the developer to identify to what extent the project is consistent with meeting New York's CLCPA and climate goals with regard to carbonization.

# Michael O'Shea of QPK Design said they are aware of those regulations. They are designing a facility that is respectful of the environment in the materials they choose and the units being used for energy and air conditioning.

# 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 8:23 a.m.

# Minutes

Ms. Murphy asked for a motion approving the minutes from the February 22, 2023 Board of Directors meetings, a copy of which was included in the Board's packet. Mr. Brown made the motion. Mr. Thompson seconded the motion. There being no discussion, **THE MOTION TO APPROVE THE MINUTES FROM THE FEBRUARY 22, 2023 BOARD OF DIRECTORS MEETING WAS UNANIMOUSLY APPROVED.**

# Committee Reports

Ms. Murphy reported a Joint Audit/Finance Committee meeting was held on March 16, 2023. The Audit Committee made a positive recommendation to the Board of Directors for approval of the 2022 year end financials as presented by Grossman St. Amour for the Agency. The Finance Committee reviewed the application and financials for the TLSP Coda LLC project. There was discussion and upon discussion that project was recommended for approval of this board.

# New Business

# 2022 SIDA Audited Financial Statements

Michael Lisson of Grossman St. Amour advised that the audit went extremely well. No issues or concerns and no control issues to report.

Mr. Lisson highlighted some of the items in the presentation included in the board's agenda package. The Agency has about $546,0000,000 in conduit debt outstanding, the majority of that debt is with the Syracuse City School District and Destiny (Carousel) Mall. This is not an obligation of the Agency.

HUD BETA Grant from 1989-1999 is no longer a liability. No further audit from HUD to come.

Peat Street pollution remediation commitment – SIDA sponsoring 10% of clean-up cost. $149,000 could be a cost to the Agency in the future.

Balance sheet sitting on $3.6M cash, but approximately $1.6 in commitments. The biggest item is other assets, investment properties on the books.

Income Statement shows financing fees collected; professional fees including salary and benefits, Downtown Committee contract and NDC contract; and public improvements which included an offset infrastructure project with JMA and a consulting fee with McCormick Baron Salazar.

The Investment Report and Internal Control Report were clean and both will be submitted to ABO by the end of the month.

Ms. Murphy asked for questions or comments.

There being no further discussion, Ms. Murphy asked for a motion to approve the draft financials as presented. Mr. Brown made the motion. Mr. Kinsey seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO ACCEPT THE DRAFT FINANCIAL STATEMENTS AS THE OFFICIAL 2022 FINANCIAL STATEMENTS OF THE AGENCY.**

# TLSP Coda LLC

Ms. Katzoff asked the Board to consider the Inducement Resolution in the board packet and noted that a Public Hearing had just concluded with respect to this project.

The Planning Commission undertook full coordinated SEQRA review, notified the Agency of same and issued a Negative Declaration. The Agency is bound by that determination.

The Inducement Resolution seeks to authorize the undertaking of the project, the execution and delivery of the Agency Agreement which is to be signed by the Company and returned within 14 business days, it authorizes the appointment of the Company as agent of the Agency for purposes of undertaking the project and it seeks to authorize the temporary appointment of the Company as agent of the Agency. As a condition precedent, they would be obligated to enter into certain temporary documents and pay ¼ of 1% of the administrative fee as well as legal fees. The Company would be required to close on the full lease transaction prior to June 30, 2023.

Ms. Katzoff said there are representatives of the Applicant at the meeting should the board have any questions.

Mr. Sonneborn said that at the Finance Committee meeting it was clarified that the PILOT exemption does not exempt from the current taxes being paid. Ms. Katzoff confirmed that is correct. The Company will continue to pay all real property taxes on the land as they currently exist.

Ms. Murphy said this is the Agency's first project to fall into compliance with Agency's new policies, specifically, local hire for City of Syracuse residents on the construction piece and includes a larger MWBE participation policy. It was discussed at the Finance Committee what the reporting compliance will look like. The board indicated it would like to see the data from this project. There will be a deeper dive into what compliance will look like and will get that to the board within the next few weeks. Ms. Murphy said they may ask for a report within the first three months. Need to looking at the difference between new construction and renovation in terms of reporting. New construction may require the board to act much more quickly in order to capture all of the project reporting at an early time. The conversation will be continued internally as to how the Agency wants to see the compliance roll out.

Ms. Katzoff added that as soon as any benefits are conferred from the Agency to a project (temporary or permanent) all compliance is mandated and binding upon the Applicant.

Ms. Murphy reminded everyone that if the IDA undertakes a partnership or investment in this project in any way for benefits, the Applicant/Owner is prohibited from selling the project without the participation of the IDA.

Mr. Brown discussed the use of utilization reports as a way to provide the board information on accountability. Reporting on a quarterly basis may be appropriate. MWBE goals – implore you looking and searching locally– utilizing minority and women owned firms. Set the bar in terms of what the public can expect.

Mr. Trasher said Huber Breuer is leading the construction charge and a representative is in the audience and understands the request and what the Agency is looking for.

Ms. Murphy brought up the article in yesterday's paper and asked Mr. Trasher to address the need for the Agency's assistance. Mr. Trasher said the project was started a year and a half ago and the price of materials, labor costs, financial costs have escalated to such a degree where a lot of the projects they are working on locally and nationally have been put on hold until equity investors and banks are willing to finance. Also, banks are looking for greater ratios of equity to what they are lending. Demolition has been started in getting the pad ready in hopes the Agency will approve the benefits so the equity investor and lender knows the company has the necessary resources to get the project completed.

Ms. Lane said she spoke to Ms. DeLaney about the compliance being measured by head count or work hours. In prior years, the UJTF pushed the Agency to use LCP tracker because that is work hours. Head count is much easier. But it has some flaws. Urged the Agency to think really hard on what will be used. Also, she urged the board to make sure the reporting is public.

There being no further 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: (1) THE UNDERTAKING, ACQUISITION, CONSTRUCTION, RENOVATION, EQUIPPING AND COMPLETION OF A PROJECT; APPOINTING THE COMPANY AS AGENT OF THE AGENCY FOR THE PURPOSE OF THE ACQUISITION, CONSTRUCTION, RENOVATION, EQUIPPING AND COMPLETION OF THE PROJECT; (2) THE TEMPORARY APPOINTMENT OF THE COMPANY AS AGENT OF THE AGENCY WITH RESPECT TO A PROJECT; (3) THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH THE TEMPORARY APPOINTMENT; AND (4) AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT BETWEEN THE AGENCY AND THE COMPANY**

Ms. Katzoff then requested the Board consider a PILOT resolution for the project providing a standard 15-Year PILOT in accordance with the Agency’s UTEP. There is no deviation from the Agency's UTEP policy. The Company will continue to pay 100% of real property taxes on the property as it exists today. The PILOT abatement outlined in the resolution applies only to the improvements that are being made on the property.

There being no discussion Ms. Murphy asked for a motion to approve the PILOT resolution. Mr. Sonneborn made the motion. Mr. Kinsey seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION APPROVING A PAYMENT IN LIEU OF TAX SCHEDULE AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS BY THE AGENCY IN CONNECTION THEREWITH**

Ms. Katzoff then requested consideration of a Final Approving Resolution for the project authorizing the execution and delivery of all necessary lease transactional documents to confer the benefits awarded to the project pursuant to the terms of the resolutions.

There being no 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.**

# Executive Session

# Ms. Murphy asked for a motion to move into Executive Session for the purposes of discussing potential litigation and disposition of property.

# At 8:46 a.m., Mr. Kinsey made a motion to enter executive session to discuss potential litigation and disposition of property. Mr. Brown seconded the motion. ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO ADJOURN TO EXECUTIVE SESSION FOR THE PURPOSE OF DISCUSSING POTENTIAL LITIGATION AND DISPOSITION OF PROPERTY.

# Ms. Murphy asked for a motion to adjourn out of executive session. At 9:21 a.m., Mr. Brown made a motion to leave executive session. Mr. Thompson seconded the motion. ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO ADJOURN OUT OF EXECUTIVE SESSION.

# Adjournment

There being no further business to discuss, Ms. Murphy asked for a motion to adjourn the meeting. Mr. Sonneborn made a motion. Mr. Brown seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO ADJOURN THE MEETING AT 9:23 AM.**