

City of Syracuse
Industrial Development Agency
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Joint Audit & Finance Committee Minutes
Tuesday March 10, 2020

Committee Members Present: Kathleen Murphy, Rickey Brown, Kenneth Kinsey.

Staff Present: Judith DeLaney, Susan Katzoff, Esq., John Vavonese, Lori McRobbie.

Others Present: Dirk Sonneborn, Steven Thompson, Timothy Lynn, Esq., Luke Lynn, Michael Lisson, Rick Steele, Steve Frank, Bill Dugan, Kate Maguire, Phil Maguire, John Snyder, John Kivlehan, Mirza Malkoc

I. Call Meeting to Order

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

II. Roll Call

Ms. Murphy acknowledged all Board members were present.

III. Proof of Notice

Ms. Murphy noted notice of the meeting had been timely and properly provided.

IV. Minutes

Ms. Murphy asked for a motion approving the minutes from the March 14, 2019 Audit Committee meeting. Mr. Brown made the motion. Mr. Kinsey seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MINUTES FROM THE MARCH 14, 2019 AUDIT COMMITTEE MEETING.**

Ms. Murphy asked for a motion approving the minutes from the February 5, 2020 Finance Committee meeting. Mr. Brown made the motion. Mr. Kinsey seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED THE MINUTES FROM THE FEBRUARY 5, 2020 FINANCE COMMITTEE MEETING.**

V. **New Business**

Agency Draft Financial Statements

Michael Lisson of Grossman St. Amour CPAs reviewed the Agency's draft financial statements for the Committee. He distributed copies of the statements and advised the members the audit went well. He reviewed the statements with the members and advised that it was a "clean audit" with no issues or concerns to be addressed.

Mr. Lisson noted that the Agency's administrative fees decreased from the prior year due in part to the expiration of the 10 year Destiny agreement which had generated fees. He discussed the Agency's sale of properties generated \$86,000 in cash and reported that normal professional fees were incurred. The report shows conduit debt as debt passed through the Agency for things like bond refinancings of certain projects.

There being no discussion, Ms. Murphy asked for a motion to recommend to the Board of Directors acceptance of the Audited Financial Statements. Mr. Brown made the motion. Mr. Kinsey seconded the motion. **ALL COMMITTEE MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO RECOMMEND TO THE BOARD OF DIRECTORS APPROVAL OF THE 2020 DRAFT FINANCIAL STATEMENTS AS THE OFFICIAL STATEMENTS OF THE AGENCY.**

Dupli Associates LLC

Ms. DeLaney reviewed a request from the Dupli Associates LLC (the "Company") to amend their project.

Mr. Lynn, one of the proposed developers of the project was present and advised that the changes to the project will occur in phases to accommodate the historic designation process. Phase I of the project will consist of renovations to the Dupli building to expand the existing gym, add a small café/pub and convert upper floor space into apartments. Historic approvals for Phase I of the project have been received but they are still waiting on historic designation for the building located at 156 Solar Street and Division Street W. ("Building 2" of the "Syracuse Scale Building") which will comprise Phase II of the project. He advised that Phase II will consist of renovations to the Syracuse Scale Building with commercial on the first floor, residential apartment units and the use of some space still to be determined.

Ms. Katzoff clarified that the Company's commitment to include 20% affordable, market-rate apartments in each building/phase allows them to qualify for a longer PILOT schedule.

Mr. Thompson asked about parking availability. Mr. Lynn advised that there is plenty of parking available for both buildings/phases of the project (100 spots at one building and 60-70 at the other).

After further discussion Ms. Murphy asked for a motion on a recommendation to the Board of Directors.

Mr. Brown made the motion. Mr. Kinsey seconded the motion. **ALL COMMITTEE MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO MAKE A RECOMMENDATION TO THE BOARD OF DIRECTORS TO APPROVE THE REQUEST FOR AMENDMENTS TO THE PROJECT.**

Maguire Family Limited Partnership

Ms. DeLaney reviewed a request from the Maguire Family Limited Partnership (the "Company") to amend the Project.

Phil Maguire the an authorized representative of the Company was present and discussed the delays and changes to the Project resulting from a combination of zoning/permitting issues, a redesignation by FEMA placing the project in a flood plain and internal disruption within the prior manufacturer – all issues outside of the Company's control..

Mr. Maguire advised that to date, the Company has not utilized any of the PILOT abatement nor any exemptions from State/local sales and use tax exemptions. In fact, they have paid more in real property taxes over the past two years than if no PILOT were in place because the PILOT schedule has a built in 2% escalator.

Based on revised project, construction is scheduled to start mid-summer 2020 and take approximately 1 year to complete.

Mr. Maguire asked if the PILOT could commence after construction was completed to provide the full benefit of the exemption to the Company.

Ms. DeLaney advised that the assessor is looking at the new project plans and should give his assessment by the end of the week.

Ms. DeLaney also discussed employment numbers. In 2016 the Company reported 52 existing/retained jobs and the creation of 57 new jobs. The Company is now reporting 73 existing/retained jobs and the creation of 17 new jobs. Mr. Maguire reported that they hope to exceed those numbers. They had to remove the Nissan jobs from the count because

Nissan portion of dealership has moved to another location as a result of Nissan's internal disruptions.

After further discussion Ms. Murphy asked for a motion on a recommendation to the Board of Directors.

Mr. Kinsey made the motion. Mr. Brown seconded the motion. **ALL COMMITTEE MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO MAKE A RECOMMENDATION TO THE BOARD OF DIRECTORS TO APPROVE THE REQUEST FOR AMENDMENTS TO THE PROJECT AND THE PILOT AGREEMENT.**

341 Peat Street (Syracuse Rigging Site)

Ms. DeLaney reported that the Agency owns the property at 341 Peat St. and has leased a portion of the property to Park Outdoor Advertising (the "Company") for the location of a billboard. The billboard is leaning and needs to be fixed or replaced according to C&S, the Agency's engineers. The current lease for the billboard expires in 2022 (it was a 10 year lease). Brownfield cleanup is scheduled on the property for summer 2020. DEC will start work in September and should the Company and the Agency reach an agreement relative to repair/replacement, DEC will coordinate timing with engineer. Before the Company is willing to invest funding to repair the billboard, they want to secure a new lease with the Agency .

Steve Frank, Bill Dugen and Rick Steele spoke in favor on behalf of the Company and in favor of replacing the billboard and the negotiation of a new lease. They reported they are a small company, but asked if the Agency might consider giving them a right of first refusal to buy the property. Ms. Katzoff said she would look into the rules governing the Agency's disposition of property. A new sign needs to be ordered which is a 2 month process and with installation, it will be a 3-4 month process. The billboard will be the same style as currently is in place (not electronic).

Mr. Sonneborn asked about amount of rental payment. Ms. DeLaney said that research had been done and the lease payment is fair market. Mr. Sonneborn asked if the property might be sold after Brownfield cleanup and that maybe lease should include an escape clause. Company indicated they have negotiated such provisions in the past.

Ms. Katzoff suggested a clause /provisions with the lease regarding potential development.

After discussion among the Committee members at their request this item was tabled until

potential lease language is provided for consideration.

Hiawatha Boulevard Improvements Project

Ms. DeLaney advised that the Agency received a request from the City to fund a gap in the funding for improvements to the Onondaga Creekwalk (the "Creekwalk"), at the bridge over Hiawatha Blvd between Van Rensselaer and Solar Street. The source of Agency funds for this purpose would be from Agency funds designated to be used solely for projects in the lakefront redevelopment area.

City engineers John Kivlehan and Mirza Malkoc were present to speak about the project and answer questions. Federal funding has been received for the road work to Hiawatha Blvd but there is gap in funding relative to the renovations necessary for the Creekwalk portion of the project. That portion of the Creekwalk that traverses the bridge on Hiawatha between Van Rensselaer and Solar Street needs to be widened by 5 feet to accommodate a 10 foot sidewalk for safe pedestrian traffic. The entire project will improve connectivity of the Creekwalk. Agency funds of \$520,882.58 will only be used for the Creekwalk portion of the project.

The engineers indicated they took the lowest bid which was approximately \$37 per square foot.

After further discussion Ms. Murphy asked for a motion on a recommendation to the Board of Directors.

Mr. Brown made the motion. Mr. Kinsey seconded the motion. **ALL COMMITTEE MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO MAKE A RECOMMENDATION TO THE BOARD OF DIRECTORS TO APPROVE THE REQUEST FOR PROVIDE \$520,882.58 TOWARDS THE CREEKWALK IMPROVEMENT PROJECT.**

Syracuse Surge

Ms. DeLaney reported that the Agency received a request from the City to enter into a 2 year contract with US Ignite and CenterState CEO at a cost not to exceed \$40,000 to provide consulting services relative to a program to improve and increase the City's overall internet connectivity and identify new sources of investment technology.

Jennifer Tiff, the Deputy Commissioner of Neighborhood and Business Development

reviewed the project with the members. Ms. Tifft said that 50% of city population does not have reliable access. U.S. Ignite was chosen to analyze and strategies the issues. They work with 45 cities and put together a 2 year statement of work/contract and consulting and advisory services. 1st year is to conduct surveys and interviews. 2nd year is to put in place recommendations.

Centerstate has identified funding and will be part of advisory group.

Mr. Brown indicated his concern that Centerstate might not be able to reach demographics of where we need to reach and speaking to those neighborhoods.

Ms. Tifft said reporting will go to the Executive Committee of Syracuse Surge.

Ms. Murphy discussed concerns about drop-off spots in connectivity and that people having access to computers and laptops is an issue.

Ms. Katzoff requested to see a copy of the Scope of Services and to see some of the questions on the survey. Ms. Tifft said that her group will keep the board updated.

After further discussion Ms. Murphy asked for a motion on a recommendation to the Board of Directors.

Ms. Murphy made the motion. Mr. Kinsey seconded the motion. **ALL COMMITTEE MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO MAKE A RECOMMENDATION TO THE BOARD OF DIRECTORS TO APPROVE THE REQUEST FROM THE CITY FOR THE AGENCY TO PARTICIPATE IN A TWO YEAR CONTRACT WITH US IGNITE AND CENTERSTATE CEO AT A COST NOT TO EXCEED \$40,000 TO PROVIDE CONSULTING SERVICES RELATIVE TO A PROGRAM TO IMPROVE AND INCREASE THE CITY'S OVERALL INTERNET CONNECTIVITY AND IDENTIFY NEW SOURCES OF INVESTMENT TECHNOLOGY.**

VI. Adjournment

There being no further business to discuss, Ms. Murphy asked for a motion to adjourn the meeting.

Mr. Brown made the motion. Mr. Kinsey seconded the motion. **ALL COMMITTEE MEMBERS PRESENT UNANIMOUSLY APPROVED TO ADJOURN THE MEETING AT 10:00 a.m.**