

City of Syracuse Industrial Development Agency
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Finance Committee Minutes
Wednesday, October 13, 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 that was made available to the public.

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

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

Other Present: Milan Tyler, Esq., Timothy Lynn, Esq., Jeremy Thurston, Khash Bayani, Lindsey Haubenreich

I. Call Meeting to Order

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

II. Roll Call

Ms. Murphy acknowledged all Committee members present.

III. Proof of Notice

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

IV. Minutes

Ms. Murphy asked for a motion approving the minutes from the September 14, 2021 Finance Committee meeting. Mr. Kinsey made the motion. Mr. Brown seconded the motion. **ALL COMMITTEE MEMBERS PRESENT UNANIMOUSLY APPROVED THE MINUTES FROM THE SEPTEMBER 14, 2021 FINANCE COMMITTEE MEETING.**

V. New Business

400 South Salina Street LLC

Ms. DeLaney reported that the application was reviewed initially by the Board of Directors at its meeting of September 21, 2021. Resolutions were adopted approving a public hearing which will be held October 19, 2021 and authorizing the Agency to act as Lead Agency for purposes of SEQRA. A Public Hearing will be conducted the Project at the Board Meeting of October 19th, 2021.

The Agency is in receipt of an application for financial assistance for a project to be located at 400 South Salina Street (the former Sibley's Building). The building totals 280,000 sq. ft. building including the garage. 42,000 sq. ft. renovated by the Red House Arts Center (current owner) in 2018, has been vacant since 2010. The company proposes a mixed commercial/retail and residential redevelopment which will also include renovations to the attached 750 space garage.

At completion the building plus basement and ground floor will contain four floors of commercial/retail space occupied by commercial entities expected to bring 196 new and retained jobs to the central business district as well as 24 residential units. Cost of the Project is estimated to be \$37,018,166. The applicants are requesting benefits from the Agency in the form of exemptions from sales and use taxes (\$1,588,485), mortgage recording tax (\$225,000.00) and a 15 Year PILOT Agreement (\$6,518,557.13) Cost-benefit Ratio is 18.06:1 due to the large number of jobs being brought to the project.

Ms. DeLaney said the Finance Committee is being asked to make a recommendation to the Board of Directors relative to the undertaking of the project. She noted that Jeremy Thurston, project owner and Attorney Tim Lynn were present and available for questions.

Ms. Murphy asked Mr. Thurston or Mr. Lynn to speak to the job creation. Mr. Thurston confirmed the job creation numbers and clarified that the building is 280,000 sq. ft. not including the garage. He believes the garage is an additional approximately 200,00 sq. ft. The square footage of the building will be reduced to cut in the courtyard.

Mr. Sonneborn asked if the job number includes relocated jobs, and what are the new job creation numbers? Mr. Thurston said he is going to relocate his business there. Hayner Hoyt and its affiliates have about 170 employees. About 40 employees work out of the main office and are relocating from Erie Boulevard West to (1) hand growth and (2) to put amenities into the space including a training center for skilled trades. A military defense tenant is going to relocate approximately 70-80 people from Liverpool and other areas. They anticipate significant growth over the next few years.

Mr. Sonneborn asked if the relationships and risks associated with Redhouse's role as a not-for-profit entity with an LLC that is for-profit and the warrants that go to Hayner Hoyt. Is there anything the Board needs to be aware of or alert to?

Ms. Katzoff said she does not believe so. The applicant is a for-profit entity and she had

conversations with the Company and their attorney about the creation of that and determined it was created properly. Since we know ahead of time that there is an option to purchase the building, we will build that into any approvals that ultimately are obtained by the Board. Mr. Thurston said another one of his company's has the warrants to buy the building.

Mr. Sonneborn said he just wants to make sure that since the Redhouse is a major tenant and Hayner Hoyt's role and relocation that there are no inappropriate, incremental risks to the Agency.

Ms. Katzoff said relocation has been discussed with the Company and their attorney the satisfaction of certain requirements within the code to qualify if you are relocating and the information has been submitted to justify that exemption. Any concerns the IDA has with regards to relocation have been addressed. We will further document that as we proceed. The process we are following is the same as we always follow.

There being no further discussion, Ms. Murphy asked for a motion for a recommendation to the Board of Directors to undertake the project and approve the financial assistance for the Project. Mr. Thompson 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 UNDERTAKE THE PROJECT AND APPROVE THE REQUEST FOR FINANCIAL ASSISTANCE.**

Jemal's Gridley, LLC

Ms. DeLaney reported that the project was initially reviewed by the Board of Directors at its meeting special meeting on September 30, 2021 and a motion was made to authorize a public hearing which will be held on October 19, 2021. The Agency received an application for financial assistance from the Company for a project to be located at 101 South Salina Street (the former M&T Bank building). The project encompasses three attached buildings, the 10-story bank building, an 8-story garage (upper three floors are office space), and a 5-story (Larned Building) garage with first floor office space (Lemoyne College). The owner proposes a mixed-use conversion: the former bank lobby and ground floor (40,000 sq. ft.) of the bank building will be leased as commercial/retail space. The top eight floors (80,000 sq. ft.) of the bank building and three top floors of the garage building will be converted into 121 residential one and two bedroom units with an additional 67,000 sq. ft. of residential amenities. The façade and lobby both historic will be restored and the parking garage will also undergo renovation. Cost of the project is estimated to be \$23,205,254. The applicant is requesting benefits from the Agency in the form of exemptions from mortgage tax (approximately \$156,635.46), sales and use tax (\$835,817.00) and possibly a 15-Year Historic PILOT estimated to be valued at \$2,519,559. Ms. DeLaney said there have been discussions with the Company as to whether they will take a PILOT or not.

Mr. Tyler, counsel for the Company, said they are looking at benefits under 485-a of the Real Property Law which are very similar to the Historic UTEP PILOT, but there appear to be slightly more benefits to the Company to choose the 485-a. He asked Mr. Bayani to confirm this information and Mr. Bayani confirmed. Mr. Tyler said they would like to include the Larned

Building as it is one integrated project affecting all three buildings. At this time they are asking just for mortgage recording tax and sales and use tax benefits for all three properties.

Ms. DeLaney said for purposes of the Finance Committee, we will be reviewing the mortgage tax and sales and use tax exemption requests (the numbers should remain the same) and remove the topic of the PILOT.

Ms. Murphy clarified that we are going to make a motion is to recommend the mortgage and sales tax exemption benefits at the full board meeting on October 19th.

Ms. Katzoff said whether or not the board will be able to consider this project at the October 19th meeting will depend on whether the SEQRA review is complete. The public hearing will take place on October 19th. She asked if the board members have any questions for the company or its counsel. It is a large project and a nice use of space. The renovations of the historic portions will be wonderful.

Mr. Sonneborn asked about the cost of land acquisition that is included in the project cost. Mr. Bayani said they recently acquired the building for \$7,000,000.

Mr. Tyler asked if the acquisition cost be included if no PILOT is being sought? Ms. Katzoff said staff can talk about it off-line. It depends on the benefits being sought.

Mr. Bayani said he thinks the acquisition price is relevant with regards to the mortgage recording tax benefits being sought. Mr. Tyler said they will review off-line and report back to the Board at its meeting.

There being no further discussion, Ms. Murphy asked for a motion for a recommendation to the Board of Directors to undertake the project and approve the mortgage recording tax and sales and use tax benefits for the Project. 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 UNDERTAKE THE PROJECT AND APPROVE THE REQUEST FOR FINANCIAL ASSISTANCE IN THE FORM OF MORTGAGE RECORDING TAX AND SALES AND USE TAX EXEMPTIONS.**

2022 Proposed Budget

Mr. Vavonese reported some changes were necessary to the proposed budget at the last minute. For the grant distribution line, staff had budgeted \$36,500 for next year (2022). That involves the COVID grant distribution for small business support for last year and we just found out that has an expiration date at the end of this year. All of that has not been expended. He moved it into this year's projected column. Must be used up this year. Also, under the operations and

administration section, the Downtown Committee line \$64,700 budgeted for next year. In discussions with their management he found out they plan on putting in a request for further draws this year that will add another \$28,500 to what we projected for this year. That leaves \$39,000 for next year to be expended. That pushes this year's projection up to a little under \$213,000 and the bottom net number down to about \$68,000.

We enjoyed a substantial surplus last year. Since Creekwalk expected the majority to be expended this year, all got finished up in 2020. We had more than enough revenue in 2020 to cover that which created a nice cushion this year.

At this time, despite that this year's revenue is sustainably lower, the number of projects are promising so we are projecting higher numbers than previously anticipated going into next year. Looking at another \$1.4 in new projects and total fees that will be realized. Ended up splitting it \$700,000 projected for this year and \$800,000 available for next year. The rest are fairly routine balances to be used up. The one huge item that remains is the ARPA funding. The Mayor recommended that amount of funding to be put in (money the City is expecting to receive). Mr. Vavonese said he does not have concrete details.

In the end, net surplus is \$176,000. He presents that for the Boards consideration.

Mr. Sonneborn asked what the revised projected bottom line for 2021? Mr. Vavonese said it comes to about \$68,400 would be the net surplus.

Mr. Sonneborn asked Ms. DeLaney about the change from September to now? Ms. DeLaney said applications pending total \$140,890,000 which would net the Agency close to \$1.5M in fees.

Ms. DeLaney said the Mayor initially issued a framework proposal for where he would like to see the \$123M in pandemic aid the City will receive from ARPA funding disbursed. Early on, the Mayor listed a number of priorities he wanted to fund. A number of those requests are working their way through the approval of the Common Council although the request for SIDA funding has yet to be reviewed. In his proposal the Mayor said he wanted \$2M to go to the IDA for economic recovery purposes (to enable the acquisition and redevelopment of strategic distressed commercial properties in the City to return them to productive use and further to reimburse SIDA for COVID 19 grants issued in 2020. For purposes of the SIDA proposed budget, after discussion with Jen Tiffit who is leading the ARPA effort for the City it was decided to add a budget line for ARPA funding of \$1.5 million as an estimate of what SIDA may receive as the numbers have changed since the Mayor's original proposal. Ms. DeLaney again advised this was all subject to Common Council approval.

Budget for 2022 number is lowballed a bit. She is not seeing a lot of projects on the horizon. What is included in the 2022 will be some projects that rolled over from 2021.

Ms. Murphy asked Mr. Vavonese if he will update the proposed budget before the October 19, 2021 meeting. Mr. Vavonese said yes.

There being no further discuss, Ms. Murphy asked for a motion for a recommendation to the Board of Directors approval of the 2022 proposed IDA budget as amended by Mr. Vavonese. Mr. Sonneborn made the motion. Mr. Thompson seconded the motion. **ALL COMMITTEE MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO MAKE A RECOMMENDATION TO THE BOARD OF DIRECTORS FOR APPROVAL OF THE AGENCY'S PROPOSED 2020 BUDGET.**

VI. Adjournment

There being no further business to discuss Ms. Murphy asked for a motion to adjourn the meeting. Mr. Kinsey made a motion to adjourn. Mr. Thompson seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO ADJOURN THE MEETING AT 8:51 AM.**