

City of Syracuse Industrial Development Agency
201 East Washington Street, 6th Floor
Syracuse, NY 13202
(315) 448-8100

Finance Committee Minutes
Thursday, September 14, 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

Committee Member Excused: Dirk Sonneborn

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

Other Present: Bruce Smith, Esq., Matt Rayo, Sarah Stevens

I. Call Meeting to Order

Ms. Murphy called the meeting to order at 8:00 a.m.

II. Roll Call

Ms. Murphy acknowledged all Committee members present except Dirk Sonneborn.

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 June 10, 2021 Finance Committee meeting. Mr. Brown made the motion. Mr. Kinsey seconded the motion. **ALL COMMITTEE MEMBERS PRESENT UNANIMOUSLY APPROVED THE MINUTES FROM THE JUNE 10, 2021 FINANCE COMMITTEE MEETING.**

V. New Business

Beacon Armory LLC and Spilco Properties LLC

Ms. DeLaney reported that the Company's application for financial assistance was reviewed by the Board of Directors in June 2021 and a public hearing was held in July 2021. The Finance Committee is being asked to review the application and make a recommendation to the Board members relative to the undertaking of the project and conference of benefits.

This project consists of a gut renovation of the six story Bentley Settle Building located in Armory Square. The building is vacant with the exception of one small commercial space on the first floor. The owners propose a repurpose and conversion of the five upper floors of the building to one and two bedroom residential units. The first floor and basement (former home of Empire Brewery) will be reconfigured and upgraded for new commercial tenants. Cost of the Project is estimated to be \$4,500,000. The owners are requesting benefits from the Agency in the form of a mortgage recording tax exemption valued at \$56,250 and a sales tax exemption valued at \$200,000. A PILOT is not requested. The owners are requesting assistance from the Agency to offset the cost of renovating a historic structure coupled with the current rising costs of construction. A Public Hearing was conducted on this Project on July 20, 2021. Cost Benefit Ratio: 32.65:1. Estimated two jobs will be created but could be more depending on commercial tenants.

Ms. Katzoff added that the applicants came before the Agency a few years ago. Armory Boys renovated the Piper Philips Building, which is the sister building to the current project. At that time, the lender required additional collateral to secure the note. The developer requested the Agency to extend its interests (at the time) to the Bentley Settle Building so it could be pledged as collateral to satisfy the lender. The Agency took an interest in the Bentley Settle building merely to be able to confer the mortgage recording tax to the project. That project is completed and the leases have been terminated. Solvay Bank is requiring that both the Piper Philips and the Bentley Settle building be pledged as collateral to secure the loan for the current project. She also noted that they are seeking historic tax credits and are working independently on that piece with SHPO.

Mr. Thompson asked if the other project is complete. Ms. Katzoff said yes, it is complete and they complied with their obligations under those leases (which are now terminated).

Mr. Brown asked how the prior project came out. Ms. Katzoff said she has heard good things about it. Ms. Murphy said the Piper Phillips building is on Fayette Street, and butts up to and behind the Bentley Settle Building.

Ms. DeLaney said it is the Agency's policy to monitor a project without a PILOT for 5 years. For the Armory Boys Project, 2021 is their fifth year and they will report on jobs, investments, etc. and they have long ago achieved their goals.

Mr. Kinsey asked about job creation. Ms. Katzoff said permanent full time equivalent jobs are 2, but that does not include construction jobs. Ms. DeLaney said they estimated 40 construction jobs for three months.

Mr. Kinsey asked about apartments. Ms. DeLaney said they are market rate.

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. Brown 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.**

Intrepid Lane ASC, LLC d/b/a Intrepid Lane Endoscopy & Surgery Center

Ms. DeLaney reported that the Company's application for financial assistance was reviewed by the Board of Directors in August 2021 and a public hearing authorized. The Finance Committee is being asked to review the application and make a recommendation to the Board members relative to the undertaking of the project and conference of benefits. The project is to be located at 190 Intrepid Lane doing business as Intrepid Lane Endoscopy & Surgery Center. The applicants will lease the space (with option to buy) and propose a total renovation of the now vacant 16,624 sq. ft. building (former medical office) to be converted to a multi-specialty ambulatory surgery center with four operating rooms specializing in endoscopy, urology and colorectal surgery. The Project is only requesting sales tax exemption benefits. New job creation at this site is estimated to be 20 employees (these positions will not be transfers from other sites but newly created jobs). Since the original application was reviewed by the Board at its August meeting, the Agency has received correspondence indicating the cost of the Project has increased to \$6,861,790. The exemption from sales and use tax is now valued at \$374,543. There are no other requested benefits. Benefit to Cost Ratio: 46.38 :1. Ms. DeLaney said Bruce Smith is on the call and available to answer any questions.

Ms. Katzoff noted the project is located in a Highly Distressed Area of the City.

Ms. Murphy noted that the project has agreed to serve both state Medicaid programs – the fee for service Medicaid program and the managed care Medicaid program.

Ms. Katzoff asked when the Company plans to close with the Agency and start construction. Mr. Smith said they sent out bids for the project. He anticipates mid to late October. There is anticipated a 9 month construction process. After built, the Dept. of Health has to come in and inspect the facility and review policies and procedures and issue an operating certificate before the center can begin to perform surgeries.

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. Kinsey 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 TO UNDERTAKE THE PROJECT AND APPROVE THE REQUEST FOR FINANCIAL ASSISTANCE.**

Syracuse Bread Factory LLC

Ms. DeLaney reported that the Company's application for financial assistance was reviewed by the Board of Directors in August 2021. The Agency authorized a public hearing and resolved to act as lead agency for the purposes of SEQRA. The Finance Committee is being asked to review the application and make a recommendation to the Board members relative to the undertaking of the project and conference of benefits. The project is to be located at 200 Maple Street in the City's near east side neighborhood, the abandoned site of the former Cooper Decoration company building. The 100 year old historic building originally designed by Ward Wellington as a commercial bread baking facility. The building has been vacant for a number of years and has suffered substantial neglect and disrepair. The applicants propose the gut renovation of the 64,400 square foot building to be converted into a mixed residential / commercial use to include 16,700 square feet comprised of 19 one and two bedroom residential units; and 27,500 square feet of commercial retail space. The remaining 20,200 square feet will be comprised of common areas, a courtyard, and storage/mechanicals. Cost of the project is estimated to be \$16,090,000. The applicants are requesting benefits from the agency in the form of a mortgage recording tax abatement valued at \$63,000 and a sales tax abatement valued at \$666,880. A public hearing will be held at the Board's September meeting. Benefit to Cost Ratio: 26 :1. Matt Rayo, one of the project owners is on the call to answer any questions.

Ms. Katzoff asked where the Company is on financing and their ability to close with the Agency. Mr. Rayo said the Landbank is the holder of the property and the agreement with them goes roughly to the end of this year for due diligence. In the 2019 round of ESD funding from NYS they secured a \$1,000,000 grant and they are in the process of going through SHPO for historic designation. They received SHPO's initial response which was positive. Looking at Brownfield tax credits and already submitted information to DEC and preliminary conversations with a couple of banks.

Ms. Katzoff asked if they anticipate closing by the end of the year? Mr. Rayo said yes.

Ms. Murphy noted that the Company's 10-year proforma is included in the application in the Committee's packet.

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. 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 UNDERTAKE THE PROJECT AND APPROVE THE REQUEST FOR FINANCIAL ASSISTANCE.**

Ms. Katzoff asked Mr. Rayo to keep us apprised of progress with SHPO and other pieces of the financing. Mr. Rayo said yes.

The Syracuse Flatiron, LLC

Ms. DeLaney reported that the Company's application for financial assistance was reviewed by the Board of Directors in August 2021 at which time the Agency authorized a public hearing which will be held September 21, 2021. The Finance Committee is being asked to review the application and make a recommendation to the Board members relative to the undertaking of the project and conference of benefits. This project is the Flatiron Building located at 530 North Salina Street. The Company proposes a full gut rehabilitation of the both the exterior and interior of the building at a cost of \$2.2 million dollars. At completion the mixed-use will contain two first floor commercial units and five residential units. The owner forecasts residential rents from \$850 to \$1142 per monthly. One commercial tenant has been identified with an expected job creation of five positions. The owner is requesting benefits from the Agency in the form of exemptions from mortgage recording tax (\$12,448), sales and use tax (\$72,448) and a 15-year Priority & Residential PILOT valued at \$216,965. The City's assessor reviewed the project and estimates that at completion the value of the building will be \$750,000.

Ms. DeLaney said it should be noted the Project is eligible for the PILOT due to its location in a highly distressed census tract and the City's Neighborhood Revitalization Strategy Areas (NRSA). This building has long been an eyesore and the target of past efforts by both community activists and the City to encourage its revitalization. The Company has benefits coming from Restore New York. Benefit to Cost Ratio 22.57:1. Sarah Stevens is on for any questions the Committee may have.

Ms. Murphy asked about the Planning Board and permitting process – is application complete? Ms. Stevens said everything has been preliminarily approved. They are all set with planning but permitting is currently being reviewed. The Common Council approved Mr. Elahi's request to purchase certain parcels behind the building and the purchase should happen within the next few weeks.

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. 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.**

VI. Adjournment

There being no further business to discuss Ms. Murphy asked for a motion to adjourn the meeting. Mr. Brown made a motion to adjourn. Mr. Kinsey seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A MOTION TO ADJOURN THE MEETING AT 8:31 AM.**