

City of Syracuse Industrial Development Agency
201 East Washington Street,
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Minutes
Special Board of Directors Meeting
Tuesday, September 30, 2021

Board Members Present: Kathleen Murphy, Steven Thompson Rickey T. Brown and Kenneth Kinsey

Board Members Excused: Dirk Sonneborn

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

Others Present: John Sidd, Esq., Lindsey Haubenreich, Esq., Milan Tyler, Esq., Jeffrey Appel, Khash Bayani, Spiro Spilotis, Christine Stevens, M. Braun

I. Call Meeting to Order

Ms. Murphy called the meeting to order at 8:01 a.m.

II. Roll Call

Ms. Murphy acknowledged that in addition to herself, Board members Steven Thompson, Rickey T. Brown and Kenneth Kinsey were present. Dirk Sonneborn was excused.

III. Proof of Notice

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

IV. Minutes

Ms. Murphy asked for a motion approving the minutes from the September 21, 2021 Board of Directors meeting. Mr. Brown made the motion. Mr. Thompson seconded the motion. **THE MOTION TO APPROVE THE MINUTES FROM THE SEPTEMBER 21, 2021 BOARD OF DIRECTORS MEETING WAS UNANIMOUSLY APPROVED.**

V. New Business

Beacon Armory LLC and Spilco Properties, LLC

Ms. Katzoff said the first resolution is with respect to the Beacon Armory project located at 120-24 Walton Street (the Bentley Settle Building). The Board previously held a public hearing and the Finance Committee has made a recommendation to this board to undertake the project. It is a six-story building that will be converted to mixed-use with approximately 17,000 sq. ft. to be used as commercial space and approximately 25,000 sq. ft. dedicated to residential space (one-bedroom loft style apartments).

She advised the first resolution for consideration was a SEQRA resolution. Ms. Katzoff stated the Board identified itself as Lead Agency for purposes of undertaking an uncoordinated review. An Environmental Assessment Form was submitted reviewed all relevant materials including SHPO's comments and it was determined that this was an Unlisted Action and the project will not have a significant impact on the environment and a negative declaration is attached to the resolution.

Ms. Katzoff also noted that several years ago the applicant came to the Agency and the Agency undertook a project known as the Armory Boys Project at the Piper Philips Building which is the sister building to the Bentley Settle Building. At that time the lender asked the developers to pledge both buildings as collateral for the loan. The Agency agreed to take an interest in the Bentley Settle Building to address the lender's requirement but none of the benefits other than the mortgage recording tax exemption was used towards the Bentley Settle Building. That project has long since been completed and the leases have been terminated. The construct of the financing for the current project is the same, only switched. The lender again has asked that the mortgage be spread over both buildings and solely for those purposes the Agency will take an interest in both buildings, if approved. SEQRA review on the Piper Philips Building was previously done and no further review is required for purposes of spreading the mortgage.

Ms. Murphy noted that Jeff Appel is on the call and that this project is for the former Empire Brewery building.

Mr. Appel said they have been approached by dozens of people since Empire Brewery Company ceased operations. A restaurant and lounge will likely go in the space. They are looking at local people to go into the space. It may take 16-18 months to finalize a deal to allow for construction to complete. Mr. Appel provided an update on other buildings/properties he owns in the area including some recent sales.

There being no discussion Ms. Murphy asked for a motion to approve the SEQRA resolution. Mr. Thompson made the motion. Mr. Brown seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION CLASSIFYING A CERTAIN PROJECT AS AN UNLISTED ACTION PURSUANT TO THE STATE ENVIRONMENTAL QUALITY REVIEW ACT, DECLARING THE AGENCY LEAD AGENCY FOR PURPOSES OF AN UNCOORDINATED REVIEW THEREUNDER AND DETERMINING THAT THE ACTION WILL NOT HAVE A SIGNIFICANT IMPACT ON THE ENVIRONMENT.**

Ms. Katzoff then asked the Board to consider the inducement resolution for the project authorizing the undertaking of the project, the granting of certain financial assistance and appointing the applicant as the Agency's agent for undertaking the Project. This resolution also authorizes the execution and delivery of an Agency Agreement. The resolution authorizes exemption from State and local sales and use tax in an amount of not to exceed \$200,000 and granting of the mortgage recording tax exemption of approximately \$56,250.

Ms. Murphy noted that the Finance Committee reviewed the project and it made a recommendation for approval of the project.

There being no discussion Ms. Murphy asked for a motion to approve the inducement resolution. Mr. Thompson made the motion. Mr. Brown 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 approving resolution for the project authorizing the execution and delivery of all necessary lease transactional documents to confer the approved financial assistance to the project. She again noted that the Agency will take an interest in both properties to accommodate the spread of the mortgage but other than that all benefits will go to the project as described.

There being no discussion Ms. Murphy asked for a motion to approve the final resolution. Mr. Thompson made the motion. Mr. Brown 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.**

Jemal's Gridley LLC

Ms. DeLaney advised that the Agency is in receipt of an application from Jemal's Gridley LLC to undertake a project at the former M&T Bank building located at 101 South Salina Street. The project encompasses the 10- story bank building and the attached garage and a smaller building on Warren Street known as the Larned Building (Lemoyne college on the first floor and garage on floors 2-5).

The owner proposes a mixed-use conversion: the former bank lobby and ground floor (approx. 40,000 sq. ft.) of the bank building will be leased as commercial/retail space. The top eight floors (80,000 sq. ft.) will be converted into 121 residential studio, one and two-bedroom units with additional 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 approx. \$23,205,254. The applicant is requesting benefits from the Agency in the form of exemptions

from mortgage tax estimated at \$156,635.46, sales and use tax estimated at \$835,817.00 and 10-Year Historic PILOT value to be determined.

Ms. DeLaney said the Board is being asked to approve a resolution authorizing a public hearing and a resolution authorizing the Agency to act as lead agency relative to SEQRA review. She noted there are several people from the project on the Webex and invited them to speak.

Ms. Haubenreich and confirmed the project will consist of three buildings: 140 Genesee Street (Larned Building) which houses Lemoyne College on the entire first floor and they have committed to another 5-year lease. Above Lemoyne's space and in the basement is parking for that building; 131 Salina Street is an eight-story building with basement. There is parking in basement and the 2nd, 3rd, 4th and 5th floors. The 1st floor has some ramping, but also houses the lobby and office space which will be repurposed, restored and renovated. The top floors (6, 7 and 8) are currently office space and will also be converted to residential units; 101 South Salina Street (former M&T Bank building) the first two floors of office space will be repurposed/converted and top floors converted to 121 residential units consisting of a mix of studio, one and two-bedroom units.

Mr. Tyler said they are asking for sales tax and mortgage recording tax benefits and the calculation of the PILOT is still being reviewed.

Ms. Murphy stated that we will amend the resolutions to include the parcel located at 140 East Genesee Street as described.

There being no further discussion, Ms. Murphy asked for a motion to authorize the Agency to act as Lead Agency for purposes of SEQRA. Mr. Thompson made the motion. Mr. Kinsey seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION CLASSIFYING A CERTAIN PROJECT AS A TYPE I ACTION AND DECLARING THE INTENT OF THE CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY TO BE LEAD AGENCY FOR PURPOSES OF A COORDINATED REVIEW PURSUANT TO THE STATE ENVIRONMENTAL QUALITY REVIEW ACT.**

Ms. Murphy asked for a motion to authorize a public hearing. Mr. Thompson made the motion. Mr. Brown seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION DETERMINING THAT THE ACQUISITION, RECONSTRUCTION, RENOVATION, EQUIPPING AND COMPLETION OF A MIXED-USE FACILITY AT THE REQUEST OF THE COMPANY CONSTITUTES A PROJECT; DESCRIBING THE FINANCIAL ASSISTANCE IN CONNECTION THEREWITH; AND AUTHORIZING A PUBLIC HEARING.**

300 Washington Street LLC

Ms. DeLaney advised that the Agency has received correspondence from the Company requesting an increase in the amount of the mortgage recording tax exemption approved in November of 2018. At that time the board approved benefits for the reconstruction and renovation of the 337,000 sq. ft. former NYNEX building at 300 East Washington Street into a

mixed-use commercial residential project with a first floor (20,000 sq. ft.) of retail space and the upper floors (2-10) to residential units. Cost of the Project was estimated to be \$35,087,000. Benefits approved included a mortgage recording tax exemption valued at \$263,152.50 based on a mortgage dollar amt. estimated to be \$35,087,000. As the Project is pretty much complete, the Company has advised the Agency it is now moving to permanent financing in the amount of \$60,000,000 and is requesting an increase in the mortgage recording tax exemption by \$186,847.50 to a total of \$450,000.00. As the increase in benefits exceeds \$100,000, prior to consideration by the Board, a public hearing is required. In the interim, staff has requested the Company provide an appraisal and mortgage documentation to see the value of the property.

Mr. Thompson said he has questions but will ask them at the public hearing.

Ms. Murphy clarified that the Company did not use their mortgage recording tax benefit at closing and they are now going to roll the cost of construction into their long-term financing. They are looking for full benefits on the mortgage.

There being no further discussion, Ms. Murphy asked for a motion to authorize a public hearing. Mr. Thompson made the motion. Mr. Brown seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION A PUBLIC HEARING IN CONNECTION WITH THE COMPANY'S REQUEST FOR AN INCREASE IN FINANCIAL ASSISTANCE.**

400 West Division Street LLC

Ms. Katzoff reported that in May of 2021 the Board of Directors approved this project which is located at 151-99 Solar Street and involves the construction of a new 54,000 sq. ft. three-story mixed-use commercial/residential building. The project projects the creation of approximately 75 new jobs and the parties are working to finalize the lease transactional documents so construction can start. The Agency has received correspondence from representatives of the Company requesting a two year delay in the implementation of the PILOT schedule due to a longer than anticipated construction schedule due to COVID, permitting, etc. To have the 10-year PILOT commence as of January 1, 2022, the Company will not realize the true value of its financial assistance because it will have a two year period of time where the building is not constructed or completed and therefore not benefitting from the exemption. The request is that we delay the start of the PILOT schedule such that the PILOT schedule will take effect on January 1, 2024.

Mr. Sidd added that closing is anticipated within 30-60 days which is the worst time to close because the property will come off the tax roll two years prior to construction being complete resulting in the Company not receiving the full 10- year benefit of the property tax exemption. For this reason, the Company is respectfully requesting a delay of the start of the PILOT schedule.

Ms. Murphy clarified that the Agency is not changing the term of the PILOT schedule – it is still 10 years. It is simply an accommodation for a longer runway for construction on a new building.

There being no further discussion, Ms. Murphy asked for a motion to authorize the Company's request for an amended PILOT schedule. Mr. Brown made the motion. Mr. Kinsey seconded the

motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION APPROVING AN AMENDED PAYMENT IN LIEU OF TAX SCHEDULE AND COMMENCEMENT DATE FOR A PREVIOUSLY APPROVED PROJECT.**

101 North Salina Street LLC

Ms. DeLaney reported that the Agency has received correspondence from the owners of the Post Standard building requesting a 30 day extension of the temporary sales tax appointment approved by the Board in July of 2021. The current exemption is set to expire October 20, 2021. It is anticipated the closing will still occur by the end of October, however, as it is unclear if it can happen by October 20 the Company is making the request to ensure the exemption is not lost during what is expected to be a short time frame. Additionally, the Company is requesting a waiver of the Agency's Local Access Policy regarding the purchase of carpeting and lighting from a vendor located out of the Agency's local access area due to requirements from its main tenant, Chase Design. The carpeting will cost \$130,000, the light fixtures will cost \$340,000. The Agency's Local Access policy allows for a waiver in this instance and staff recommends the Board approve the waiver request in this instance. Ms. DeLaney said Christine Stevens from VIP is on the call if anyone has questions.

Mr. Thompson asked what is being purchased that can't be purchased locally. Ms. Stevens clarified that it can be purchased locally, but that the landlord is obligated to use the corporate preferred vendor under their lease with Chase Design. A local electrician will be used for the lighting.

Ms. Murphy asked Ms. Stevens to clarify that the total amount requested per the waiver is \$470,000 and asked what the total project cost is. Ms. Stevens said that the construction cost is \$12,000,000. Ms. Stevens said that no other waivers are anticipated regarding the project.

Ms. DeLaney said that other projects have had contractual obligations regarding purchases and the Agency has granted similar waivers.

There being no further discussion, Ms. Murphy asked for a motion to authorize extending the sales tax exemption benefits for 30 days to November 20, 2021. Mr. Thompson made the motion. Mr. Brown seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION APPROVING THE EXTENSION OF THE TEMPORARY APPOINTMENT OF THE COMPANY AS AGENT OF THE AGENCY UNTIL NOVEMBER 20, 2021; AND THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH.**

Ms. Murphy further asked for a motion to authorize the waiver request. Mr. Thompson made the motion. Mr. Brown seconded the motion. **ALL BOARD MEMBERS PRESENT UNANIMOUSLY APPROVED A RESOLUTION AUTHORIZING A WAIVER OF THE AGENCY'S LOCAL ACCESS POLICY.**

VI. 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 8:42 AM.**