

ONONDAGA CIVIC DEVELOPMENT CORPORATION
Regular Meeting Minutes
July 18, 2023

The Regular meeting of the Onondaga Civic Development Corporation convened on Tuesday, July 18, 2023 at 335 Montgomery Street, Floor 2M, Syracuse, New York, 13202 in the large conference room on the 1st floor.

Kimberly Townsend called the meeting to order at 8:35 am with the following:

PRESENT:

Kimberly Townsend
Alison Miller
Mitch Latimer
Virginia Biesiada O'Neill
Vincent Cioci

ABSENT:

Michael LaFlair

ALSO PRESENT:

Robert M. Petrovich, President/CEO
Nancy Lowery, Secretary
Nate Stevens, Treasurer
Alexis Rodriguez, Assistant Treasurer, OCDC
Svetlana Dyer, Assistant Secretary
Karen Doster, Recording Secretary
Len Rauch, Office of Economic Development
Christopher Andreucci, Harris Beach PLLC
Kevin Randall, Crouse Health Hospital
Matthew Wells, Bond, Schoeneck & King
Eliot Reid, Country Club Associates

APPROVAL OF REGULAR MEETING MINUTES – MARCH 7, 2023

Upon a motion by Virginia Biesiada O'Neill, seconded by Mitch Latimer, the OCDC Board approved the regular meeting minutes of March 7, 2023. Motion was carried unanimously.

TREASURER'S REPORT

Alexis Rodriguez gave a brief review of the Treasurer's Report for the month ending June, 2023

Upon a motion by Virginia Biesiada O'Neill, seconded by Mitch Latimer, the OCDC Board approved the Treasurer's Report for the month ending June 2023. Motion was carried unanimously.

PAYMENT OF BILLS

Alexis Rodriguez gave a brief review of the Payment of Bills, Schedule #109.

Upon a motion by Vincent Cioci, seconded by Virginia Biesiada O'Neill, the OCDC Board approved the Payment of Bills schedule #109 with General Expenses being \$8,265.12. Motion was carried unanimously.

CONFLICT OF INTEREST

Board members and staff verbally acknowledged they had no conflicts.

CROUSE HEALTH HOSPITAL, REFINANCING PROJECT SERIES 2023

Matt Wells stated he is counsel for Crouse Health Hospital for the refinancing transaction they are looking to undertake with the Corporation's help and approval. He stated it involves a refinancing of their current outstanding bonds indebtedness. He stated some bonds are through OCDC and some through the City of Syracuse LDC. He stated the project is approximately \$80-90 million and they are looking to refinance Series 2016, 2017 and 2019 bonds. He stated there is no new money aspect to it. He stated the refinancing will benefit the hospital in a number of ways. He stated it is less sophisticated without new money in a project or to describe any renovations or construction. He stated it is going to help Crouse Health Hospital from a debt service payment perspective and allow them to better deal with the current market. He stated there are pros and cons to their current debt which is held privately by banks. He stated this will be a public offering so investors will be involved. He stated some of the cons to having bank debt are they usually have tender rights so you deal with having to renew that debt over short term durations with the

bank having the tender rights. He stated this should make the debt service schedule smoother for the hospital.

Kevin Randall stated this gives them flexibility in the future for what they can do with the capital dollars they have at the hospital. He stated the main thing is lowering the cash on hand covenant they currently have. He stated the possibilities of what they can do in the future, even though there is no capital project now associated with this, gives the hospital more options as they move forward.

Robert Petrovich stated OCDC had about \$18.5 million placed in the market in 2019 and asked who has the balance of the \$66.5 million. He stated some of it is a loan, some of it is SIDA and some of it is with the City. Matt Wells stated they are bonds issued by the Syracuse LDC but held by banks; Seimens, Key Bank and M & T.

Robert Petrovich stated Crouse Hospital went through SEDCO back in 2016 and 2017 and most of this would be new to OCDC. He stated they would be refinancing about \$18.5 million and the balance would be new money or at least a new deal for this organization. Matt Wells agreed and stated the entire package would not be issued by OCDC but it would be refinancing indebtedness as originally issued, partly by OCDC but a majority by SEDCO. He stated Berkshire Bank also has a piece technically through a loan but will be refinancing.

Robert Petrovich stated he just wanted to let the Board know that OCDC did approximately \$18.5 million in 2019 and now the remainder, \$66.5 million is effectively through OCDC and a new money deal for the balance somewhere between \$85-\$90 million.

Alison Miller asked if they are still on target for the July 31 date. Matt Wells stated they will probably miss that by a bit and just put it down as a bench marker. He stated they are looking more at August or September. Chris Andreucci stated they are still waiting for guidance from Federal Government. He stated once that comes down then the market has certainty with respect to reimbursement. Kevin Randall stated there is a Medicare wage index change in all hospitals throughout the country. He stated he is sure it will happen but until it is actually stamped for approval, the investors look at it in a little bit of a gray area. He stated once approved it will be a stronger case for them to get better rates.

Christopher Andreucci stated the public hearing was held in compliance with TEFRA. He stated this is a final authorizing resolution to allow them to go forward. He stated the goal is OCDC would issue the bonds and price in early August and close.

Upon a motion by Alison Miller, seconded by Virginia Biesiada O'Neill, the OCDC Board approved a resolution approving the Crouse health Hospital, Refinancing Project Series 2023 project, authorizing the issuance of the Bonds in an amount not to exceed \$90,000,000 and the execution and delivery of the documents in connection therewith. Motion was carried unanimously.

Alison Miller asked what the OCDC fee is. Robert Petrovich stated 1% up to \$90,000,000.

COUNTRY CLUB ASSOCIATES, LLC

Eliot Reid stated he is a developer consultant for Sage Housing, a 501-C-3 organization whose charitable purpose is to foster the long term preservation of government subsidized affordable rental housing and Country Club Apartments in Baldwinsville is such a property. He stated it benefits from a Section 8 contract through the US Department of Housing and Urban Development that restricts occupancy of the project to seniors at or below 80% of area median income. He stated the actual income base of the property is substantially lower than 80% and the federal government provides the project owner with a rent subsidy so that tenants pay a small portion of their actual monthly income as a contribution toward rent. He stated the federal government provides a rent subsidy to make up the difference between that tenant contribution and a "fair market rent". He stated the property is no longer subject to any long term use agreements so the US Department of Housing and Urban Development considers the property "at risk" to leave the Section 8 program. He stated Sage Housing has entered into an agreement with the current owner of the project to acquire the asset with the proceeds derived from the sale of 501-C-3 bonds proposed to be issued by OCDC and also to use roughly \$1,000,000 of the proceeds of that bond sale to renovate the property. He stated there are 48 residential units and each will get some upgraded finishes, replacement of fixtures, cabinets and appliances that are at the end of their useful life. He stated the building will get a new roof, parking lot repaved, a sink hole will be repaired and some new

amenities will be added to the property for the benefit of the existing and future residents. He stated all of the renovation work will be done with the residents in place so there will be no short term involuntary displacement of those residents. He stated Sage would, pursuant to the bond issuance, enter into a long term use agreement that would restrict the property to long term affordability for a period of not less than 30 years. He stated this transaction would secure the long term future of these 48 units of affordable high quality senior low income housing and make sure the resident and future applicants have a nice, safe, sanitary, decent and affordable residence in Baldwinsville indefinitely.

Robert Petrovich asked for an explanation of who the current owner is, who the new owner may or may not be and the relationship between those parties, County Club Apartments and Sage Housing. Eliot Reid stated the current ownership of the property is a group of investors, including himself and a couple former partners of his, as part of an agreement to amicably dissolve the shared interests. He stated they sought to dispose of this asset and his strong preference was to find a qualified non-profit organization to purchase the property so that it would stay affordable and run with charitable purpose indefinitely going forward. He stated he identified Sage Housing as a 501-C-3 organization who has been around for about 20 years now and they operate a handful of affordable housing properties and provide support of services to a couple dozen affordable housing properties in the north east, a handful in New York. He stated their 501-C-3 organization is based in Quincy Massachusetts but operates in the State of New York, Massachusetts and Connecticut. He stated their mission is to provide supportive services to affordable housing residents and to participate in the ownership of affordable housing properties to ensure they remain affordable high quality housing long term. He stated his only relationship with Sage Housing is that of professional friendship, he is not on the Board. He stated because it is a 501-C-3 there are no owners per se. He stated they engaged him to help structure transactions, identify opportunities to invest in Section 8 housing in furtherance of their charitable purpose. He stated he will stay involved as an asset manager for them with respect to this asset going forward. He stated the ownership upon issuance of the bonds will be by a single purpose LLC wholly owned and controlled by Sage Housing, true not for profit ownerships in accordance with 501-c-3 bond rights.

Christ Andreucci stated the reason for this is a normal affordable housing deal uses LIHTC and you can't have a not for profit entity involved in that. He asked Eliot Reid if all the approvals are in place for the Section 8 and covers 100% of the 48 units. Eliot Reid stated yes but there are

about 6 units that are not covered by that contract. He stated from time to time most of the occupants of those units have an affordable tenant based Section 8 voucher so they receive some subsidy as well from the Federal Government to make sure the rent remains affordable for them. He stated they have applications submitted to HUD. He stated there is a process where the change of ownership needs to be reviewed and approved by HUD and asking HUD to change the rent reimbursement they pay to Sage Housing as the future owner of the property and make sure it is consistent with the market.

Chris Andreucci stated it doesn't impact what the tenant pays. He stated for Section 8 the tenant pays based on income and income alone. He stated if the voucher increases it helps the project pencil out a little better. He stated because he has the Section 8 they can do a 501-C-3 bond and you don't have to get volume cap or go through the whole process.

Robert Petrovich asked if the new owner operator will be Sage. Eliot Reid stated yes.

Robert Petrovich asked who the current owner operator is. Eliot Reid stated it is an LLC that is owned by himself and by his former partners.

Robert Petrovich asked who Country Club Associates is. Chris Andreucci stated that is the entity that Sage is affiliating with. He stated it will be a disregarded entity for tax purposes so they can qualify for 501-C-3 bonds.

Virginia Biesiada O'Neill asked what the current occupancy of the facility is. Eliot Reid stated it is about 96% today. He stated there are only 48 units so if one vacates it changes the occupancy percentage pretty dramatically. He stated over the past 12-24 months he does not think they have ever been below 88% occupancy and that only occurred during some covid times when residents passed away and leasing activity for new move ins was pretty slow as folks were hunkering down. He stated with that behind them occupancy has been north of 90% and really should operate at 97-99% occupancy going forward indefinitely.

Kimberly Townsend asked if there is a waiting list for this property. Eliot Reid stated they do maintain a waiting list for the property and he is not sure how many names are on it right now but his guess is a dozen or so. He stated they add folks to the wait list as applications are received.

Upon a motion by Vincent Cioci, seconded by Virginia Biesiada O'Neill, the OCDC Board approved a resolution approving the Country Club Associates LLC project, authorizing the issuance of the Bonds in an amount not to exceed \$7,000,000 and the execution and delivery of the documents in connection therewith. Motion was carried unanimously.

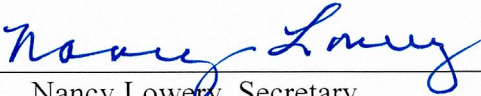
HANCOCK AIRPARK -LAWN AND LANDSCAPE CONTRACT UPDATE

Robert Petrovich stated we have an annual contract for the common area maintenance of the Hancock Airpark which comes under this Board's jurisdiction. He stated staff put out a quote for 3 prices and the low quote was from Custom Lawn Scapes who has been doing this work for several years. He stated \$8,500 was the low quote.

Upon a motion by Mitch Latimer, seconded by Vincent Cioci, the OCDC Board approved a resolution approving the contract with Custom Lawn Scapes for \$8,500 for maintenance at the Hancock Airpark.

ADJOURN

Upon a motion by Virginia Biesiada O'Neill, seconded by Mitch Latimer, the OCDC Board adjourned the meeting at 8:57 am. Motion was carried unanimously.



Nancy Lowery, Secretary