

City of Albany Industrial Development Agency

21 Lodge Street
Albany, New York 12207
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Susan Pedo, Chair
Lee Eck, Vice Chair
Darius Shahinfar, Treasurer
Anthony Gaddy, Secretary
Robert Schofield

Sarah Reginelli, Chief Executive Officer
Thomas Conoscenti, Chief Operating Officer
Andy Corcione, Project Services Director
Marisa Franchini, Agency Counsel
A. Joseph Scott, Special Counsel

To: Darius Shahinfar Robert Schofield
Lee Eck
Susan Pedo
Anthony Gaddy

CC: Sarah Reginelli Thomas Conoscenti
Marisa Franchini Andy Corcione
Joe Scott Erin Grace
Emma Fullem Jesse McCaughey

Date: November 5, 2021

IDA FINANCE COMMITTEE MEETING

A meeting of the Finance Committee of the City of Albany Industrial Development Agency will be held on **Wednesday, November 10, 2021 at 12:15 pm** and conducted telephonically pursuant to S.50001/A.40001.

AGENDA

Roll Call, Reading & Approval of the Minutes of the Finance Committee Meeting of October 13, 2021

Report of Chief Financial Officer

- A. None

Unfinished Business

- A. None

New Business

- A. Albany Medical Center (391 Myrtle Ave)
 - i. Discussion & possible positive/negative recommendation for Amended PILOT Deviation Resolution
- B. Capitalize Albany Corporation (Liberty Park Acquisition Assistance)
 - ii. Liberty Park Update

Please note that any materials for this item will be included in a supplemental packet available on the CAIDA website.

Other Business

- A. Agency Update
- B. Compliance Update

Adjournment

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Marisa Franchini, *Agency Counsel*
A. Joseph Scott, *Special Counsel*

IDA MINUTES OF FINANCE COMMITTEE MEETING

Wednesday, October 13, 2021

Attending: Darius Shahinfar, Susan Pedo and Lee Eck

Absent: Anthony Gaddy

Also Present: Sarah Reginelli, Mark Opalka, Ashley Mohl, Erin Grace, Andy Corcione, Mike Bohne, Tom Conoscenti, Emma Fullem, Renee McFarlin, Joe Scott, and Marisa Franchini

Public Present: Jacob Lamme, Robert McLaughlin, Michelle Kennedy, Paul Augello, Bill Hoblock, Jeff Buell, Joe Perniciaro

Chair Darius Shahinfar called the Finance Committee meeting of the IDA to order at 12:22 p.m.

Roll Call, Reading and Approval of Minutes of the September 15, 2021 Finance Committee Meeting

A roll call of the Committee members present was held. Chair Darius Shahinfar reported that all Committee members were present with the exception of Anthony Gaddy. Since the minutes of the previous meeting had been distributed to Committee members in advance for review, Mr. Shahinfar made a proposal to dispense with the reading of the minutes. Mr. Shahinfar proposed to approve the minutes of the Finance Committee meeting of September 15, 2021. A motion was made by Susan Pedo and seconded by Lee Eck to accept the minutes as presented. The motion to accept the minutes as presented was passed with all other members voting aye.

Report of Chief Financial Officer

Staff reviewed the Quarterly financials with the Committee.

Unfinished Business

Holland Ave. OZ, LLC

Staff introduced the *Holland Ave. OZ, LLC* project located at 25 Holland Ave. at Hackett Blvd. The project involves the construction of an approximately 67,132 square foot market rate apartment complex containing 60 residential rental units with approximately 59 parking spaces on a 1.2-acre site. The Applicant is currently requesting exemptions from sales and use tax, mortgage recording tax, and real property tax exemptions consistent with what is provided for within the Project Evaluation and Assistance Framework for projects assessed at over \$100,000 per unit. The Applicant was present to answer questions from Committee members. Staff noted that this was the first Project that came to the IDA that expects to utilize

Opportunity Zone tax benefits. Staff also noted a public hearing regarding the project was held prior to the meeting and that no comments were received from the public. Staff and the Committee discussed the benefits of the project. A motion to positively recommending Approving Resolutions to the full Board was made by Lee Eck and seconded by Susan Pedo. A vote being taken, the motion passed with all members voting aye.

21 Erie Assoc., LLC

Staff introduced the *21 Erie Assoc., LLC* Project to the Finance Committee. The project consists of the historic redevelopment of the warehouse at 19-21 Erie Boulevard in the Warehouse District. The redevelopment includes more than 275 market-rate apartments, 45,000 square feet of commercial space, indoor and outdoor amenities, and a number of site improvements. The project scope consists of selective demolition of interior walls and finishes, asbestos and lead paint abatement, construction of 275 new apartments and 45,000 square feet of commercial space. The project will retain all 46 existing full-time equivalent jobs and add three additional full-time equivalents over the course of the first two years. The existing business, Huck Finn's Warehouse, will remain an occupant of the project. The Applicant is seeking sales and mortgage recording tax exemptions only. Staff noted a public hearing regarding the project was held prior to the meeting and that no comments were received from the public. Staff and the Committee discussed the benefits of the project. A motion to positively recommend Approving Resolutions to the full Board was made by Susan Pedo and seconded by Lee Eck. A vote being taken, the motion passed with all members voting aye.

AFP 107 Corp (Hilton Albany)

Staff introduced the request for modifications to the Project Benefits Agreement from *AFP107 Corp* (Hilton Albany). As a result of the COVID-19 pandemic, AFP107 Corp is requesting a deferral with a 3% interest of the 2021-2025 annual community development fees until 2027, 2028, 2029, 2030 and 2031 as well as relief in the form of leniency and understanding with respect to the hotel's FTE requirements. The five-year deferral of the community development fee is modeled after hotel and tourism projections for recovery, which are expected to return to pre-pandemic levels by 2024 at the earliest. Staff noted that the request had been discussed in-depth at previous Finance Committee meetings. A motion to make a positive recommendation to the full Board for a modification to the AFP 107 Corp Project Benefits Agreement was made by Susan Pedo and seconded by Lee Eck. A vote being taken, the motion passed with all members voting aye.

New Business

None.

Other Business

Agency Update

Staff noted that there will be changes to the draft budget that was presented to the Finance Committee last month that take into account the Committee's positive recommendation for approval of the current request at hand from AFP 107 Corp. If the AFP 107 Corp modifications pass at the next Board meeting, the updated budget will be before the Board for approval at the same meeting. Staff indicated that this would result in a projected deficit budget for 2022 given the Board's direction to complete a number of strategic projects during that year. Staff reported that Common Council has not yet scheduled interviews to fill the IDA open Board seats.

Compliance Update

Staff provided a status update to the Committee on the *1415 Washington Ave, LLC* project, which was approved by the IDA Board last month pending approval by the Planning Board. In addition, staff updated the Committee on the efforts to recapture the project benefits from the 960 Broadway and Nipper Apartments projects following their non-compliance of annual reporting requirements earlier this year. A Summons and Complaint related to the recapture is expected to be filed soon regarding these projects.

There being no further business, the meeting was adjourned at 12:43 pm by motion made by Lee Eck and seconded by Susan Pedo, with the motion passing unanimously.

Respectfully submitted,

Anthony Gaddy, Secretary

Frances S. Albert
EXECUTIVE VICE PRESIDENT, CHIEF OPERATING OFFICER, AND CHIEF FINANCIAL OFFICER

October 12, 2021

Ms. Sarah Reginelli
City of Albany Industrial Development Agency
21 Lodge Street
Albany, NY 12207

RE: Request to Amend PILOT Agreement between the City of Albany IDA and Albany Medical Center Premises located at 391 Myrtle Avenue, Albany, NY – PILOT #144

Dear Ms. Reginelli:

We are reaching out to you and the City of Albany IDA in order to request consideration of an amendment to the PILOT Agreement (“Agreement”) that was entered into on December 1, 2014 relative to the 135,000 sf medical office building located at 391 Myrtle Avenue, Albany, NY. The Albany Medical Center (now known as Albany Med Health System) (“AMC”) very much appreciated the willingness of the IDA to have provided this PILOT arrangement for the building, which greatly assisted with the overall financial viability of the project.

We are now requesting an amendment, however, in order to have the PILOT Agreement more closely match the current occupancy of the building by Albany Med and affiliates, all not-for-profit health care entities, for use in delivering healthcare services consistent with their exempt status. The existing Agreement had been drafted before the completion of the 135,000 sf building, and before the exact square foot occupancy of the building was known. The existing agreement identified 56.35% (or 76,072.5 sf) of the total building space as being the Commercial Facility Portion of the building, or that portion which would be occupied by third party tenants unrelated to Albany Med. The Commercial Facility Portion was to be subject to real estate taxes, with tax obligations based upon 56.35% of the Project Improvements Assessed Value (if Scenario 2 Schedule in the Agreement was used). In fact, when the building was completed in late 2015, the Albany Medical Center did not end up leasing this percentage of the total building to unrelated third party tenants. Leases were only entered into with two tenants, with a combined 38.6% of the total building or 52,112 sf combined. In addition, in late 2018, subsequent to the building completion date, the Albany Medical College acquired the assets of one of the original tenants (The Vascular Group), so that the amount of space leased to a third party not related to AMC was reduced to 18.3% of the total building area. This reduction in third party leased space also reduced the amount of external rental income received by AMC.

In 2019, AMC also modified the City of Albany CRC issued bond financing relative to the building. As part of the modified financing arrangement, the portion of the total financing for the building that was tax-exempt was increased from 30% to 75%. This therefore reduced the taxable portion of the building financing to 25%. The City of Albany CRC had approved this bond modification at the request of AMC

October 12, 2021

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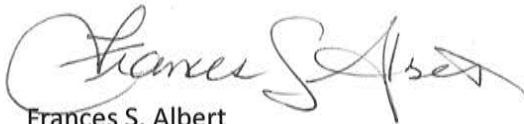
since the affiliated entities of AMC were now occupying more than 75% of the total building. This modification thus more closely reflected the increased tax-exempt nature of the building occupancy. (Please see attached Resolution from the City of Albany CRC.)

In summary, AMC is requesting that the City of Albany IDA amend the PILOT Agreement for 391 Myrtle Avenue by reducing the size of the Commercial Facility Portion of the building as described in Exhibit A of the Agreement to 33,750 sf, or 25% of the total building area. This percentage will then match the percentage of taxable bond financing pertaining to the building and be a closer match to the actual occupancy of third party tenancy unrelated to AMC.

We would like to express our strong gratitude for the consideration of this request and for the on-going partnership with the City of Albany IDA.

Please feel free to reach out to Phyllis Hathaway, Vice President of Treasury Services, for any questions related to this matter. She can be reached at 518-262-5729 or hathawp@amc.edu.

Thank you very much,



Frances S. Albert
Executive Vice President,
Chief Operating Officer, & Chief Financial Officer

cc. Phyllis Hathaway, VP - Treasury Services, AMC
Matthew C. Jones, Executive VP and General Counsel, AMC
Andrew Corcione, Senior Economic Developer, Capitalize Albany
A. Joseph Scott, III, Esq, Hodgson Russ, LLP