

City of Albany Industrial Development Agency

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Elizabeth Staubach, Chair
Lee Eck, Vice Chair
Darius Shahinfar, Treasurer
Anthony Gaddy, Secretary
Joseph Better Christopher Betts John Maxwell

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

MINUTES OF IDA FINANCE COMMITTEE MEETING

Wednesday, September 13, 2023

Attending: Darius Shahinfar, Elizabeth Staubach, Anthony Gaddy, and John Maxwell

Absent: Christopher Betts and Lee Eck

Also Present: Sarah Reginelli, Andy Corcione, Emma Fullem, Ashley Mohl,
Mike Bohne, Renee McFarlin, Amy Horwitz, Tom Libertucci,
and Joe Scott

Public Present: Ryan Jankow, Debra Lambek, Brandon Stabler, Ryan Jankow, Tony Manfredi,
Paul Goldman, Joseph Perniciaro, and Mark Aronowitz

Chair, Darius Shahinfar called the Finance Committee meeting of the IDA to order at 12:25 p.m. at 21 Lodge St., Albany, NY.

Roll Call, Reading and Approval of Minutes of the August 9, 2023, Finance Committee Meeting

A roll call of the Committee members present was held. Finance Committee Chair Darius Shahinfar reported that all Committee members were present except for Lee Eck and Christopher Betts. Since the minutes of the previous meeting had been distributed to the Committee in advance for review, Mr. Shahinfar asked for a motion to dispense with their reading and approve the minutes of the Finance Committee meeting of August 9, 2023. A motion was made by Anthony Gaddy and seconded by Elizabeth Staubach to accept the minutes as presented. The motion to accept the minutes as presented was passed with all present members voting aye.

Report of Chief Financial Officer

None.

Unfinished Business

324 State Street, LLC

Following a Public Hearing, during which no public comments were received, staff led a discussion regarding the *324 State Street LLC* project with the committee. A representative for the Applicant was on hand to answer questions from the Committee. The project entails the redevelopment of an existing +/- 40,000 SF commercial building, currently owned by the College of St. Rose, into approximately 29 market rate apartments, two of which will be the required inclusionary housing units. The Applicant is requesting sales and use tax exemptions, a mortgage recording tax exemption and real property tax exemptions. The Committee discussed the project generally and staff reviewed the cost-benefit analysis. Staff noted the project was discussed at length at the previous Finance Committee

meeting. Staff reported that the request for assistance deviates from the prescribed assistance levels within the existing Project Evaluation and Assistance Framework and, as such, a third-party evaluation of the project's financial assumptions and the appropriateness of the requested level of assistance has been received and reviewed by staff. The executive summary of the analysis was provided as part of the Committee materials. The third party determined that the assumptions included within the application in addition to the abatements requested were necessary and within reasonable parameters.

Staff noted that the Project Applicant is considering the use of historic tax credits. However, the property is considered non-conforming and coupled with the relatively small size of the project this may make the pursuit of historic tax credits infeasible. At this stage of the development process, the Developer is uncertain if they will pursue the tax credits. The economics of the Project change if historic tax credits are secured. Therefore, both staff and the third-party consultant concluded that a bifurcated PILOT scenario with two separate real property tax abatement schedules should be established in order to allow the project flexibility as the use of tax credits is explored. The "Scenario A" schedule would apply if no historic tax credits are used, and the "Scenario B" scenario would apply if historic tax credits are secured.

Elizabeth Staubach made a motion for the Committee to recommend the approving resolutions. The motion was seconded by Anthony Gaddy. A vote being taken, the motion passed with all members voting aye.

Project representative Ryan Jankow left the meeting at 12:32 p.m.

144 State Street, LLC (Renaissance Hotel)

Following a Public Hearing, during which no public comments were received, staff led a discussion regarding the *144 State Street LLC* project with the Committee. Representatives for the Applicant were on hand to answer questions from the Committee. Staff provided background on the original project which was approved by the CAIDA Board in 2014 and involved the acquisition and conversion of a vacant historic building into a Renaissance Hotel by Marriott. The current request at hand involves a \$3.5 M renovation of the existing hotel as part of required ongoing maintenance/operation of the hotel per brand standards. The Applicant intends to refurbish the hotel's 203 guest rooms and in addition to common areas. The Applicant is requesting sales and use tax exemptions and an extension/modification of the existing real property tax exemptions. Staff noted the project was discussed at length at the previous Finance Committee meeting.

Also discussed was the hotel's ongoing performance given the impacts of the COVID-19 pandemic and changes in market and labor conditions. The Committee discussed the project and reviewed the cost-benefit analysis. A third party-consultant was engaged to evaluate the Applicant's financial assumptions and the reasonableness of the requested assistance given the economic performance of the real estate and the investor's financial returns. An in-depth sensitivity analysis of both the project's historical financial performance and the anticipated financial performance of the hotel through the amended request time period was conducted. The executive summary of the analysis was provided and posted as part of the Committee materials. The analysis performed indicated that the current PILOT structure would render the hotel financial nonviable given its performance to-date and projected performance going forward. The third-party consultant concluded that the requested project assistance schedule is within reasonable parameters given projected returns.

Anthony Gaddy made a motion for the Committee to recommend the approving resolutions. The motion was seconded by Elizabeth Staubach. A vote being taken, the motion passed with all members voting aye.

Project Representatives Brandon Stabler and Debra Lambek left the meeting at 12:40 p.m.

New Business

40 Steuben Street, LLC

Staff introduced the proposed 40 Steuben Street, LLC project to the committee, which involves a sale/change in ownership. Staff provided background on the original project which was approved by the CAIDA Board in 2014 and involved the acquisition and conversion of an underutilized structure into a mixed-use residential/commercial project. The project is located at the intersection of Steuben and North Pearl Streets. Representatives from the prospective purchaser and the current owner were present to answer any questions. The project includes 29 apartment units and more than 2,500 sf of street level vacant commercial space. The purchaser, 701 River Street Associates, LLC, an entity owned and operated by Redburn Development Partners, is requesting the transfer of existing financial assistance to the new ownership team. 701 River Street Associates LLC is currently under contract to purchase 100% of membership interests in this property. The purchaser is not requesting any additional financial assistance other than what is currently in place. The Committee discussed the project generally and requested staff to complete a cost-benefit analysis of the request to be presented for consideration at an upcoming meeting. No action was taken by the Committee.

Joseph Perniciaro and Mark Aronowitz left the meeting at 12:43 p.m.

Midtown Albany LLC – 102 Hackett Blvd.

Staff introduced the Midtown Albany, LLC project, located at 102 Hackett Boulevard which is located between Marwill Street and St. James Place. This project involves the redevelopment of an existing, vacant +/- 28,000 SF office building into approximately 25 market rate apartments. The applicant is requesting sales and use tax exemptions, a mortgage recording tax exemption and real property tax exemptions. A project representative was present to answer any questions. The Committee discussed the project generally and requested staff to complete a cost-benefit analysis of the request to be presented for consideration at an upcoming meeting, and no action was taken by the Committee at this time.

Antonio Manfredi and Paul Goldman, Esq., left the meeting at 12:46 p.m.

Other Business

Agency Update

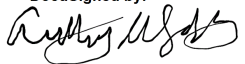
Staff reviewed the IDA Draft Budget for 2024 in detail, calling attention a projected deficit for 2024 and similarly for the year ending 2023. The projected variance to budget for year ending 2023 is at a deficit of approx. \$556,000. The projected deficit total for the proposed 2024 budget is approx. \$279,000. Staff and the Committee discussed the primary factor influencing the deficit budget being unprecedented lower identified project activity resulting from a combination of higher labor/materials costs, rising interest rates combined with the additional downward financial pressure on projects from the City's revised inclusionary housing provision. YTD, projected ending cash balance at 12/31/2024 is projected to be \$4,004,017. It was noted that this represents a reserve of approximately 3.8 years at the current projected operating level. The Committee discussed the draft budget and its implications. Chair Shahinfar called for a motion to move the budget forward for review by the full Board. The motion was made by Elizabeth Staubach and was seconded by Anthony Gaddy. A vote being taken, the motion passed with all members voting aye. Staff identified that per Agency policy, the draft 2024 budget will be posted at City Hall and mailed to both the Mayor and Common Council President at least 10 days prior to the approval of the 2024 Budget at the October IDA Board meeting.

Compliance Update

Staff provided the Annual Review of Agency Insurance Policy which outlined the coverages currently in place noting that both the type and level of the coverages were recommended by the Agency's carrier. No action was required from the Committee at this time.

There being no further business, Chair Shahinfar called for a motion to adjourn the meeting. Upon a motion made by Anthony Gaddy and seconded by Elizabeth Staubach, the meeting of the Finance Committee was adjourned at 1:07 p.m.

Respectfully submitted,

DocuSigned by:

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Anthony Gaddy, Secretary