

City of Syracuse Industrial Development
Agency

Annual Report

2017

Syracuse Industrial Development Agency
201 E. Washington Street 7th Floor
Syracuse, NY 130202

Phone: 315-473-3275

Honora Spillane
Executive Director
hspillane@syrgov.net
www.business.syrgov.net

City of Syracuse
Industrial Development Agency

TABLE OF CONTENTS

MISSION STATEMENT AND PURPOSE

MISSION STATEMENT	2
PURPOSE AND DESCRIPTION	2
STATUTORY BASIS	2

ORGANIZATION

BOARD OF DIRECTORS	3
COMMITTEES	4
EXECUTIVE MANAGEMENT TEAM	4
AGENCY ATTORNEY	4
AGENCY ACCOUNTANT	4
MEETINGS AND ATTENDANCE	5

OPERATIONS

REPORT ON OPERATIONS AND ACCOMPLISHMENTS	6
INTERNAL CONTROL STATEMENT	8
PROJECT DETAIL	9

APPENDICES

APPENDIX A	
<i>Organizational Chart</i>	13
APPENDIX B	
<i>Performance and Measurement Goals</i>	14
APPENDIX C	
<i>Internal Control Report</i>	16
APPENDIX D	
<i>By-Laws</i>	18
APPENDIX E	
<i>Code of Ethics</i>	25
APPENDIX F	
<i>Investment Policy</i>	27
APPENDIX G	
<i>Disposition of Property Policy</i>	33
APPENDIX H	
<i>Procurement Policy</i>	38
APPENDIX I	
<i>FINANCIAL REPORTS</i>	42

City of Syracuse

Industrial Development Agency

MISSION STATEMENT

It is the mission of SIDA to enhance the City of Syracuse's economic development capabilities by promoting, attracting, encouraging and developing recreation and economically sound commerce and industry to: advance the job opportunities, health, general prosperity and economic welfare of the people of the City of Syracuse; improve their recreation opportunities, prosperity and standard of living; and, prevent unemployment and economic deterioration. SIDA will achieve this mission by providing a variety of financial incentives to projects, including exemptions from property, sales, use and mortgage recording taxes, grants, and bond financing. SIDA conveys benefits in a strategic, consistent and transparent manner based on the City of Syracuse's collective economic development priorities.

PURPOSE AND DESCRIPTION

The Syracuse Industrial Development Agency ("the Agency") is a public benefit corporation of the State of New York pursuant to Article 18-A of the General Municipal Law. Industrial Development Agencies are authorized to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and improve their recreation opportunities, prosperity and standard of living. Agencies promote, develop, encourage, and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research, recreational, education, cultural, railroad, and horse racing facilities.

STATUTORY BASIS

§ 926. City of Syracuse Industrial Development Agency

(a) For the benefit of the city of Syracuse and the inhabitants thereof, an industrial development agency, to be known as the CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY, is hereby established for the accomplishment of any or all of the purposes specified in title one of article eighteen-A of this chapter. It shall constitute a body corporate and politic, and be perpetual in duration. It shall consist of five members who shall be appointed by the mayor of the city of Syracuse and its chairman shall be designated by such mayor. It shall have the powers and duties now or hereafter conferred by title one of article eighteen-A of this chapter upon industrial development agencies. It shall organize in a manner prescribed by and be subject to the provisions of title one of article eighteen-A of this chapter. The agency, its members, officers and employees, and its operations and activities shall in all respects be governed by the provisions of title one of article eighteen-A of this chapter.

(b) The city shall have the power to make, or contract to make grants or loans, including but not limited to grants or loans of money, to the agency in such amounts, upon such terms and conditions and for such period or periods of time as in the judgment of the city and the agency are necessary or appropriate for the accomplishment of any of the purposes of the agency.

Reviewed: March 20, 2018

City of Syracuse

Industrial Development Agency

BOARD OF DIRECTORS

William M. Ryan (Chair)
Appointed: January 1, 2010

M. Catherine Richardson, Esq. (Vice Chair)
Appointed: January 1, 2010

Steven P. Thompson (Secretary)
Appointed: January 6, 2014

Donald Schoenwald, Esq. (Treasurer)
Appointed: March 1, 2011

Kenneth Kinsey
Appointed: January 13, 2016

***In January of 2018 the Mayor of the City of Syracuse appointed Michael Frame as Chairman of the Board, Steven Thompson as Vice Chairman, Kathleen Murphy as Treasurer and Rickey T. Brown as Secretary replacing William Ryan, M. Catherine Richardson and Donald Schoenwald who no longer serve on the Board.

***Board Members are appointed by and serve at the pleasure of the Mayor.

City of Syracuse

Industrial Development Agency COMMITTEES (2017)

Audit Committee

William Ryan
M. Catherine Richardson
Kenneth Kinsey
Donald Schoenwald

Finance Committee

William Ryan
M. Catherine Richardson
Kenneth Kinsey
Donald Schoenwald

Governance Committee

M. Catherine Richardson
Steven Thompson
Donald Schoenwald
Kenneth Kinsey

EXECUTIVE MANAGEMENT

Honora Spillane

Executive Director
City Hall Commons
201 East Washington Street
Syracuse, New York 13202
Phone: (315) 473-3275
Email: hspillane@syrgov.net

John Vavonese

Chief Financial Officer
City Hall Commons
201 East Washington Street
Syracuse, New York 13202
Phone: (315) 448-8081
Email: jvavonese@syrgov.net

Agency Attorney

Barclay Damon, LLP
125 East Jefferson St
Syracuse, NY 13202
Phone: (315) 425-2700
Fax: (315) 425-2701
Website: barclaydamon.com

Agency Accountant

Grossman St. Amour CPA's, PLLC
110 West Fayette Street
One Lincoln Center, Ste. 900
Syracuse, New York 13202
Phone: (315) 422-1391
Fax: (315) 422-0829
Website: www.gsacpas.com

Board members and Executive management making more than \$100,000.00 in salary: **NONE**

City of Syracuse
Industrial Development Agency

2017 BOARD & COMMITTEE MEETINGS AND ATTENDANCE

Date	Board Members Present
January 24, 2017	Kinsey, Richardson Ryan, Schoenwald, Thompson
February 28, 2017	Kinsey, Ryan, Thompson
March 21, 2017	Kinsey, Ryan, Thompson
April 18, 2017	Kinsey, Richardson, Thompson
May 16, 2017	Kinsey, Richardson, Ryan, Thompson
June 20, 2017	Kinsey, Richardson, Ryan, Thompson
July 18, 2017	Kinsey, Richardson, Ryan, Thompson
August 15, 2017	Richardson, Ryan, Thompson
September 19, 2017	Richardson, Ryan, Thompson
October 10, 2017 (Audit & Finance Committee)	Kinsey, Richardson, Ryan, Thompson
October 17, 2017	Kinsey, Richardson, Ryan, Thompson
November 16, 2017 (Finance Committee)	Kinsey, Richardson, Ryan
November 21, 2017	Kinsey, Richardson, Ryan, Thompson
December 18, 2017	Kinsey, Richardson, Ryan, Thompson

Minutes are available at http://www.syr.gov.net/SIDA_Meetings.aspx

City of Syracuse

Industrial Development Agency REPORT ON OPERATIONS AND ACCOMPLISHMENTS

Description of Authority's Operations:

The City of Syracuse Industrial Development Agency (SIDA) is a public benefit corporation created to enhance the City of Syracuse's economic development capabilities. SIDA provides a variety of financial incentives to projects, including exemptions from property, sales, use and mortgage recording taxes, and bond financing.

The Agency has a five member board of directors who serve at the pleasure of the Mayor of the City of Syracuse. The board meets on a monthly basis, and also holds meetings for its audit, finance, and governance committees on an as needed basis. The board is charged with reviewing applications for financial assistance, as well as providing oversight of the staff, finances, and overall operations of the agency.

The Agency is staffed by an Executive Director, Chief Financial Officer, and additional support staff, who are also employees of the City of Syracuse Department of Neighborhood & Business Development. The Executive Director reports directly to the board and is charged with the administrative duties of the Agency. The Chief Financial Officer also reports directly to the board and is responsible for the financial oversight of the Corporation. The support staff reports to the Executive Director and assists in the day to day operations of the organization.

Material Changes to Operations and Programs:

During 2017 there were no material changes to operations and programs.

Accomplishments:

In 2017 SIDA approved 10 new projects, three sales tax increase requests, three mortgage recording exemption increase requests, and one bond issuance. These projects represent a capital investment of \$249,330,611.00. In 2017 seven projects previously approved and five approved in the Agency's fiscal year closed representing capital investment of \$199,864,947.

The 2017 approved and closed projects represented \$307,677,128.00 in capital investment, 507,593 sq. ft. of developed/redeveloped commercial space, and 1,028,947 sq. ft. of residential space containing 633 new residential units. Abatements approved by the Agency for approved and closed projects combined equaled \$21,586,658.00 representing \$14.25 of investment per \$1 of abatement.

The Agency, at the request of the Syracuse Joint School Construction Board, additionally approved tax free school facility revenue refunding bonds (2017 Series) in the amount of \$29,260,008.00, included in the capital investment figure above.

Recognizing the changing dynamic of Syracuse's downtown neighborhood in recent years to a 24 hour community, with a flourishing residential population and an additional 440 new hotel rooms, the Agency approved a service contract with the Downtown Committee of Syracuse to provide two year funding in the amount of \$ 436,000.00 to fund evening and weekend security along with security cameras and weekend maintenance of public space.

Further at the request of neighborhood stakeholders the Agency approved funding in the amount of \$75,000.00 to commission an economic development feasibility study for the South Avenue business corridor in order to further sustainable economic opportunities along the 1.5 mile route. The study is anticipated to be completed by the second quarter 2018 with key outcomes to provide the Agency and its partners an action plan including targeted sites with short and medium term development potential.

Industrial Development Agency

The Agency also supported and approved the sale of several vacant parcels of Agency land to a company whose majority ownership are local MWBE certified business owners. The project proposes the construction of a 51,000 sq. ft. mixed use building in one of the City's most highly distressed census tracts.

City of Syracuse

Industrial Development Agency

INTERNAL CONTROL STATEMENT

The Agency certifies that management has documented and assessed the internal control structure and procedures of the Syracuse Industrial Development Agency for the year ending December 31, 2017. This assessment found the authority's internal controls to be adequate, and to the extent that deficiencies were identified, the authority has developed corrective action plans to reduce any corresponding risk. **(Appendix C).**

Assessment of the internal operations and controls of financial systems is included in the 2017 independent audit of the Agency, posted on the Agency website.

City of Syracuse

Industrial Development Agency

Project Name	Approval Date	Sales Tax Abatement	Mortgage Recording Tax Abatement	PILOT Abatement	Total Cost	Retained Jobs	New Jobs	Construction Jobs	Description
Rapid Response Monitoring Inc. (Sales Tax Increase)	1/24/17	\$500,000.00	\$0.00	\$0.00					
Joint School Construction Board Bonds (Series 2017)	1/24/17	\$0.00	\$0.00	\$0.00	\$29,260,000.00	0	0	0	Issuance of a series of Tax-Exempt and Taxable School Facility Revenue Refunding Bonds, in an aggregate principal amount not to exceed \$53,000,000 to refund all or a portion of the outstanding principal balance of the Agency's School Facility Revenue Bonds (Syracuse City School District Project), Series 2008A and/or Series 2010
BVSHSSF Syracuse, LLC (Peak Campus Project)	1/24/17	\$1,360,000.00	\$363,750.00	\$0.00	\$66,607,356.00	0	15	220	Construction of a student housing project to be located at 945 E. Genesee St. including 244 apartments (600 beds), 6000 sq. ft. of commercial space and 11000 sq. ft. of amenities including a fitness facility and bike storage with 244 basement and first floor parking spaces. The total project is anticipated to be 421,482 sq. ft. with 104,040 sq. ft. of associated parking.
CGUSL Ventures, LLC (Southside Genesee Associates)	1/24/17	\$1,440,000.00	\$272,250.00	\$0.00	\$46,380,320.00	0	7	200	Construction of a student housing project to be located at 1200 E. Genesee St. The six story 128,830 sq. ft. building will contain 126 residential units and an 846 sq. ft. café with 90 parking spaces.
300 Washington St., LLC	2/28/17	\$1,278,320.00	\$380,000.00	\$5,752,042	\$28,150,000.00	0	6	800	Redevelopment of the vacant 227,000 sq. ft. former NYNEX Bldg. The owner proposes conversion of the first three floors to retail (20,000 sq. ft.) and Class A office space (80,000 sq. ft.) and the upper (4-10) floors to 1-3 bedroom residential units.

City of Syracuse

Industrial Development Agency

Dupli Associates, LLC	5/16/17	\$26,800.00	\$31,300.00	\$259,688.30	\$3,562,000.00	0	0	0	Buildout of 21000 sq. ft. of empty space to house a rock climbing gym and restaurant in a 149,000 sq. ft. building in the Franklin Square neighborhood currently 80% vacant with the remaining vacancy to be redeveloped in the future.
Steri-Pharma, LLC	5/16/17	\$529,518.00	\$377,328.00	\$694,663.00	\$50,165,986.00	48	82	250	Construction of a new 18,500 square foot building addition to the existing 73,000 sq. ft. pharmaceutical manufacturing facility. Included will be the construction of new clean rooms, sterile production and filling rooms and warehouse space along with site improvements including stabilization of a retaining wall along Onondaga Creek, utility work and a covered corridor to connect the two buildings.
Syracuse Community Hotel Restoration LLC (Phase I) (Sales Tax Increase)	6/20/17	\$1,024,085.00		\$0.00					
Maguire Family Limited Partnership (MRTE Increase)	6/20/17	\$0.00	\$45,727.50	\$0.00					
CG USL (MRTE Increase)	6/20/17	\$0.00	\$3,450.00	\$0.00					
Syracuse Community Hotel Restoration LLC (Phase II)	7/18/17	\$265,627.00	\$60,000.00	\$0.00	\$8,082,292.00	0	56	62	Construction of an additional 60,000 sq. ft. of an estimated 54 guest rooms (second, third and eleventh floor) and 10,000 sq. ft. for use as two new restaurants in the existing hotel.

City of Syracuse

Industrial Development Agency

Armory Boys LLC	8/15/17	\$60,000.00	\$11,250.00	\$0.00	\$1,281,000.00	0	1	20	Gut renovation of the three story 18000 sq. ft. Piper Phillips Bldg. in Armory Square. Constructed in 1872 the upper floors currently vacant will be converted to nine one bedroom residential units with two first floor storefronts .
C-Mand Development LLC (MRTE Increase)	8/15/17		\$36,000.00	\$0.00					
415 South Clinton Street, LLC	10/17/17	\$50,000.00	\$19,125.00	\$0.00	\$2,591,657.00	0	3	20	Gut renovation of the 21,000 sq. ft. building in the Armory Square neighborhood to a mixed use with a commercial component on the first floor and 12 residential units on the upper four floors of the building. Constructed in 1874 the upper floors of the building have been vacant more than 30 years and are uninhabitable.
Herald Commons LLC (Sales Tax Increase)	11/17/17	\$50,000.00	\$0.00	\$0.00					
Salina 1st LLC	11/21/17	\$147,200.00	\$35,400.00	\$0.00	\$6,450,000.00	26	13	70	Located on adjacent vacant parcels of land at Salina/Montgomery Streets, the Company proposes acquisition of the land (currently owned by the Agency) and the construction of a 51,000 sq. ft. three story building consisting of light manufacturing and retail space on the first floor, commercial incubator space on the second floor, and market rate commercial office space on the third floor.
Towers Realty LR, Ltd.	12/19/17	\$326,400.00	\$0.00	\$0.00	\$6,800,000.00	0	0	90	The owners of the AXA Towers propose a "Phase One" Project to consist of site improvements and structural repairs to the exterior Plaza along with comprehensive elevator modernization work at a cost of

City of Syracuse

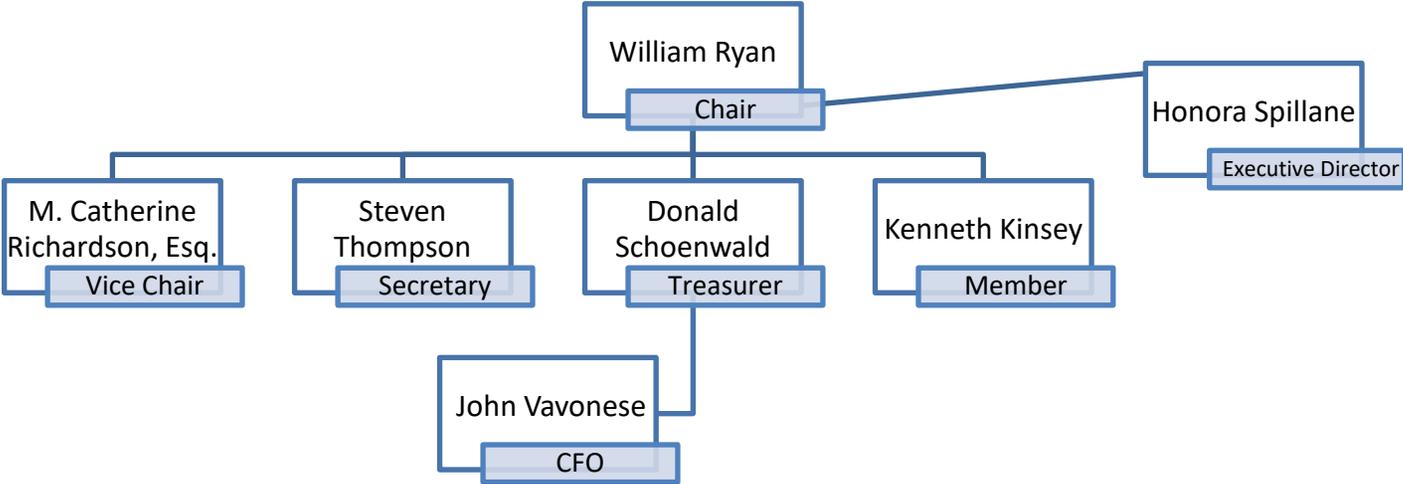
Industrial Development Agency

									\$6,800,000.00. Additional phases are anticipated.
Totals		\$7,057,950.00	\$1,635,580.50	\$6,706,393.38	\$249,330,611.00	74	183	1,732	

City of Syracuse
Industrial Development Agency

APPENDIX A

SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY (SIDA) ORGANIZATIONAL CHART (2017)



*Staff Services provided by the City of Syracuse Department of Neighborhood and Business Development

City of Syracuse

Industrial Development Agency

APPENDIX B

AUTHORITY MISSION STATEMENT AND PERFORMANCE MEASUREMENTS AND GOALS

Name of Public Authority: City of Syracuse Industrial Development Agency (SIDA)

Public Authority’s Mission Statement:

It is the mission of SIDA to enhance the City of Syracuse’s economic development capabilities by promoting, attracting, encouraging and developing recreation and economically sound commerce and industry to: advance the job opportunities, health, general prosperity and economic welfare of the people of the City of Syracuse; improve their recreation opportunities, prosperity and standard of living; and, prevent unemployment and economic deterioration.

SIDA will achieve this mission by providing a variety of financial incentives to projects, including exemptions from property, sales, use and mortgage recording taxes, grants, and bond financing. SIDA conveys benefits in a strategic, consistent and transparent manner based on the City of Syracuse’s collective economic development priorities.

List of Performance Goals:

The Board will utilize the following performance goals to measure SIDA’s success in achieving its mission:

A. Effectiveness

Measure	2017
Projects Induced	10
Capital Investment	\$249,330,611.00
Projected New Jobs (FTE)	183
Existing/Retained Jobs (FTE)	74

B. Efficiency

Measure	2017
Fee Income	\$5,889,613
Other Income	\$595,468
Operating Expense	\$4,698,907
Excess of Income over Operating Expense	\$1,785,174
Net Assets	\$8,685,597
Auditors Opinion	CLEAN

C. Transparency & Accountability

Measure	2017
Board Acknowledgment of Fiduciary Responsibility	Completed
Board Member Training	Completed
Board Meetings	12
Public Hearings	15

City of Syracuse

Industrial Development Agency

Additional questions:

1. **Have the board members acknowledged that they have read and understood the mission of the public authority?** YES.
2. **Who has the power to appoint the management of the public authority?** *Bylaws – Section 6 – Additional Personnel: The Agency, with the consent of the Mayor, may appoint an Administrative or Executive Director to supervise the administration of the business and affairs of the Agency, subject to the direction of the Agency. The Agency may, from time to time, employ such other personnel as it deems necessary to execute its powers, duties, and functions as prescribed by the New York State Industrial Development Agency Act (General Municipal Law, Article 18-A), as amended, and all other laws of the State of New York applicable thereto.*
3. **If the Board appoints management, do you have a policy you follow when appointing the management of the public authority?** YES.
4. **Briefly describe the role of the Board and the role of management in the implementation of the mission.**
The role of the Board is to make reasonable inquiry of management and others with knowledge and expertise to ensure the Agency is carrying out its mission. The role of management is to facilitate the delivery of assistance to qualified projects that advance the mission of the Agency.
5. **Has the Board acknowledged that they have read and understood the responses to each of these questions?** YES.

Date Revised: March 25, 2013 **Reviewed:** March 20, 2018

City of Syracuse

Industrial Development Agency

APPENDIX C

INTERNAL CONTROL REPORT

FISCAL YEAR 2017 REPORT ON INTERNAL CONTROLS			
AGENCY ACTION	CONTROL	CONTROL PROCESS	FINDING
AGENCY CAPITAL PROJECTS			
Project Review	<ul style="list-style-type: none"> • Statute • Regulation • By-Laws • Policy • Local Access Policy 	<ul style="list-style-type: none"> • Written Application • Cost Benefit Analysis • Staff Review • Board Attorney Oversight • Board Review & Approval • Conflict of Interest Statement 	Adequate
SEQRA Determination	<ul style="list-style-type: none"> • Statute • Regulation • By-Laws • Classes of Projects Policy 	<ul style="list-style-type: none"> • Formal EAF Statement • Staff Review • Attorney Review • Board Review & Finding 	Adequate
Public Hearing	<ul style="list-style-type: none"> • Statute • Regulation • By-Laws 	<ul style="list-style-type: none"> • Board Approval • Written Minutes • Report on Public Hearing at Board Meeting 	Adequate
Project Inducement	<ul style="list-style-type: none"> • Statute • Regulation • By-Laws • UTEP • Local Access Policy 	<ul style="list-style-type: none"> • Written Application • Cost Benefit Analysis • Staff Review • Board Attorney Oversight • Board Review & Approval 	Adequate
Benefit Oversight	<ul style="list-style-type: none"> • Statute • Regulation • Agency Policies 	<ul style="list-style-type: none"> • Annual Survey of Companies • Staff Review • Exec Director Oversight • Board Review & Approval of Annual Reporting • Board Attorney Oversight 	Adequate
PILOT Benefits Oversight	<ul style="list-style-type: none"> • UTEP • Statute • Regulation 	<ul style="list-style-type: none"> • Review of comparable properties/assessment value • Review of cost of improvements • Review by Agency Attorney • Board Review & Approval • Review and approval by Mayor and Common Council in Instance of Deviation. 	Adequate
Sales Tax Exemption Oversight	<ul style="list-style-type: none"> • Statute • Regulation • Agency Policy • UTEP 	<ul style="list-style-type: none"> • Staff Review of Project documents • Attorney Review • Board review and approval 	Adequate
Recapture of Benefits	<ul style="list-style-type: none"> • Statute • Regulation • Agency Policy • Lease Documents • UTEP 	<ul style="list-style-type: none"> • Annual Survey of projects • Annual Employment Report • Staff Review of reported numbers versus application numbers • Explanations from Companies • Board Review & Approval of Report & Recommendations 	Adequate

City of Syracuse

Industrial Development Agency

Agency Service Contracts	<ul style="list-style-type: none"> • Procurement Policy • Funding Policy 	<ul style="list-style-type: none"> • Review by Staff • Attorney Review • Board Review & Approval When Required • Annual Audit of Expenditures 	Adequate
Agency Fees	<ul style="list-style-type: none"> • Project Fee Policy • Legal Fee Policy 	<ul style="list-style-type: none"> • Staff Review • Board Review & Approval • Annual Audit • Attorney Review 	Adequate
PUBLIC ACCESS			
Documents & Administration	<ul style="list-style-type: none"> • Statute • Regulation • FOIL Policy 	<ul style="list-style-type: none"> • Staff Review • Attorney Review 	Adequate
Public Comment	<ul style="list-style-type: none"> • Statute • Regulations • Board By-Laws 	<ul style="list-style-type: none"> • Publication of Hearing Notices • Written Record of Proceedings • Report of public comments to the Board for each project 	Adequate
AGENCY ADMINISTRATION			
Understanding of Mission, Goals, Process & Controls	<ul style="list-style-type: none"> • Statute • Agency By-Laws • Agency Policies 	<ul style="list-style-type: none"> • PAAA Training • New Member Orientation • Annual Acknowledgement of Responsibilities 	Adequate
Ethics & Conflict of Interests	<ul style="list-style-type: none"> • Statute • Conflict of Interest Policy • Agency Code of Ethics 	<ul style="list-style-type: none"> • Annual review of Code of Ethics Policy 	Adequate
AGENCY FINANCES			
Financial Planning & Expenditures	<ul style="list-style-type: none"> • Statute • Regulation • Agency Policies • Procurement Policy 	<ul style="list-style-type: none"> • Annual Budget • Annual Independent Audit • Signature Authority by Chairman, Executive Director, and Treasurer 	Adequate
Financial Safeguards	<ul style="list-style-type: none"> • Statute • Procurement Policy • Travel Policy 	<ul style="list-style-type: none"> • Quarterly Review by Board of Agency Balance Sheet • Annual Independent Audit 	Adequate

City of Syracuse

Industrial Development Agency

APPENDIX D BY-LAWS

(AS AMENDED August 18, 2009)

Article I THE AGENCY

Section 1. Name

The name of the agency shall be “City of Syracuse Industrial Development Agency”. And it shall be referred to in these by-laws as the Agency.

Section 2. Seal

The seal of the Agency shall be in such form as may be determined by the members of the Agency.

Section 3. Office

The principal office of the Agency shall be located in the City of Syracuse, New York, County of Onondaga, and State of New York. The Agency may have such other offices at such other places as the members of the Agency may, from time to time, designate by resolution.

Article II MEMBERS

Section 1. Members

(a) There shall be five members of the Agency. All references in these by-laws to members shall be references to Members of the Agency. The persons designated in the certificates of appointment filled in the office of the Secretary of State as members of the Agency and their successors in office and such other persons as may, from time to time, be appointed as Members of the Agency by the Mayor of the City of Syracuse, or by special act of the Legislature, shall constitute all the members.

(b) Members shall hold office at the pleasure of the Mayor and shall continue to hold office until his or her successor is appointed and has qualified. The Mayor may remove any Member at his discretion, with or without cause.

(c) Upon the resignation or removal of a Member, a successor shall be selected by the Mayor.

(d) Members may resign at any time by giving written notice to the Mayor and to the Chairman of the Agency. Unless otherwise specified in the notice the resignation shall take effect upon receipt of the notice by the Chairman or the Mayor. Acceptance of the resignation shall not be necessary to make it effective.

Section 2. Meeting of the Members

Industrial Development Agency

(a) The Annual Meeting of the members shall be held on such date or dates as shall be fixed, from time to time, by the Members of the Agency. The first Annual Meeting of Members shall be held on a date within twelve (12) months after the filing of the Certificate of the Agency with the Secretary of State as required by General Municipal Law §856 (1) (a). Each successive Annual Meeting of Members shall be held on a date not more than twelve (12) months following the preceding Annual Meeting of Members.

(b) Regular meetings of the Agency may be held at such time and place as, from time to time, may be determined by the Members.

(c) Upon the written request of the Mayor, the Chairman or two (2) Members of the Agency, the Chairman of the Agency shall call a special meeting of the Members. Special meetings may be held on such date or dates as may be fixed in the call for such special meetings. The call for a special meeting may be personally delivered to each Member of the Agency or may be mailed to the business or home address of such Member. A waiver of notice may be signed by any Member failing to receive a proper notice.

Section 3. Procedure at Meetings of Members

(a) The Chairman shall preside over the meetings of the Agency. In the absence of the Chairman, the Vice-Chairman shall preside. In the absence of both the Chairman and Vice-Chairman, any Member directed by the Chairman may preside.

(b) At all meetings of Members, a majority of the Members of the Agency shall constitute a quorum for the purpose of transacting business. If less than a quorum is present for any meeting, the Members then present may adjourn the meeting to such other time or until a quorum is present. Except to the extent provided for by law, all actions shall be by a majority of the votes cast, provided that the majority of the votes cast shall be at least equal to a quorum.

(c) When determined by the Agency that a matter pending before it is confidential in nature, it may, upon motion, establish an executive session and exclude any non-member from such session.

(d) Order of Business

At all meetings of the Agency, the following shall be the order of business.

- (1) Roll Call;
- (2) Proof of Notice of Meeting;
- (3) Reading and approval of the minutes of the previous meeting;
- (4) Bills and communications;
- (5) Report of the Treasurer;
- (6) Reports of Committees;
- (7) Unfinished business;
- (8) New business;
- (9) Adjournment.

City of Syracuse

Industrial Development Agency

The order of business may be altered or suspended at any meeting by the Members of the Agency.

(e) All resolutions shall be in writing and shall be recorded in the journal of the proceedings of the Agency.

Article III

OFFICERS AND PERSONNEL

Section 1. Officers

The officers of the Agency shall be Chairman or Co-Chairman, Vice-Chairman, Secretary and Treasurer and such other offices as may be prescribed, from time to time, by the Agency. The Chairman or Co-Chairman and other officers shall be appointed by the Mayor of the City of Syracuse and may be removed with or without cause at his discretion. Each officer shall be a Member of the Agency during his or her term of office.

Section 2. Chairman or Co-Chairmen

The Chairman shall be chief executive officer of the Agency, and shall serve as an ex officio member of all duly constituted committees, shall supervise the general management and the affairs of the Agency, and shall carry out the orders and resolutions of the Agency. Except as otherwise authorized by resolution of the Agency, the Chairman shall execute (manually and by facsimile signature) all agreements, contracts, deeds, bonds, notes or other evidence of indebtedness and any other instruments of the Agency on behalf of the Agency. The Mayor may from time to time appoint two Co-Chairmen in place of the Chairman. During their term of office the Co-Chairman shall share equally the duties, rights, powers and responsibilities of the Chairman. The action of either Co-Chairman or execution (manually or by facsimile signature) by either Co-Chairman of any agreement, contract, deed, bond, note or other evidence of indebtedness or any other instrument of the Agency on behalf of the Agency shall have the same force and effect as such action or execution by the Chairman.

Section 3. Vice-Chairman

The Vice-Chairman shall have all the powers and functions of the Chairman or Co-Chairmen in the absence or disability of the Chairman or Co-Chairmen, as the case may be. The Vice-Chairman shall perform such other duties as the Members of the Agency shall prescribe or as delegated by the Chairman or Co-Chairmen.

Section 4. Secretary

The Secretary shall keep the minutes of the Agency, shall have the custody of the seal of the Agency and shall affix and attest the same to documents when duly authorized by the Agency, shall attest to the giving of all notices of the Agency, shall have charge of such books and papers as the Members of the Agency may order, shall attest to such correspondence as may be assigned, and shall perform all the duties incidental to his office.

Section 5. Treasurer

City of Syracuse

Industrial Development Agency

The Treasurer shall have the care and custody of all the funds and securities of the Agency, shall deposit such funds in the name of the Agency, in such bank or trust company as the members of the Agency may elect, shall sign such instrument as may require the Treasurer's signature, but only with the approval of the Chairman or Co-Chairman, as the case may be, shall at all reasonable times exhibit the books and accounts of the Agency to the Mayor or any Member of the Agency, and at the end of each fiscal year shall present an annual report setting forth in full the financial condition of the Agency.

Section 6. Additional Personnel

The Agency, with the consent of the Mayor, may appoint an Administrative or Executive Director to supervise the administration of the business and affairs of the Agency, subject to the direction of the Agency. The Agency may, from time to time, employ such other personnel as it deems necessary to execute its powers, duties and functions as prescribed by the New York State Industrial Development Agency Act (General Municipal Law, Article 18-A), as amended, and all other laws of the State of New York applicable thereto.

Section 7. Compensation of Chairman, Co-Chairmen, Members, Officers, and Other Personnel

The Chairman, Co-Chairmen, Members and Officers shall receive no compensation for their services but shall be entitled to the necessary expenses, including traveling expenses, incurred in the discharge of their duties. The compensation of other personnel, including the Administrative Director, shall be determined by the Members of the Agency.

Article IV

AMENDMENTS

Section 1. Amendments to By-Laws

These by-laws may be amended or revised, from time to time, by a two-third (2/3) vote of the Agency, but no such amendment or revision shall be adopted unless written notice of the proposed action shall have been given by mail to each Member and the Mayor at least ten (10) days prior to the date of the meeting at which it is proposed that such action be taken; provided, however that this provision and other provisions relating to the appointment, renewal and terms of office of Members and officers may be amended only with the prior written approval of the Mayor.

Article V

MISCELLANEOUS

Section 1. Sureties and Bonds

In case the agency shall so require, any officer, employee or agent of the Agency shall execute to the Agency a bond in such sum and with such surety or sureties as the Agency may direct, conditioned upon the

City of Syracuse

Industrial Development Agency

faithful performance of his or her duties to the Agency and including responsibility for negligence and for the accounting for all property, funds or securities of the Agency which may come into the hands of the officer, employee or agent.

Section 2. Indemnification

(a) Upon compliance by a Member or Officer of the Agency (including a former Member or Officer, the estate of a Member or Officer or a judicially appointed personal representative thereof) (referred to in this Section 2 collectively as “Member”) with the provisions of subdivision (i) of this Section 2, the Agency shall provide for the defense of the Member in any civil action or proceeding, state or federal, arising out of any alleged act or omission which occurred or allegedly occurred while the Member was acting within the scope of the public employment or duties of such member. This duty to provide for a defense shall not arise where such civil action or proceeding is brought by or at the behest of the Agency.

(b) Subject to the conditions set forth in paragraph (a) of this subdivision, the Member shall be entitled to be represented by private counsel of the Member’s choice in any civil action or proceeding whenever the chief legal officer of the Agency or other counsel designated by the Agency determines that a conflict of interest exists, or whenever a court, upon appropriate motion or otherwise by a special proceeding, determines that a conflict of interest exists and that the Member is entitled to be represented by counsel of the Member’s choice, provided however, that the chief legal officer or other counsel designated by the Agency may require, as a condition to payment of the fees and expenses of such representation, that appropriate groups of such Members be represented by the same counsel. Reasonable attorney’s fees and litigation expenses shall be paid by the Agency to such private counsel from time to time during the pendency of the civil action or proceeding with the approval of a majority of the Members of the Agency eligible to vote thereon.

(c) Any dispute with respect to representation of multiple Members by a single counsel or the amount of litigation expenses or the reasonableness of attorneys’ fees shall be resolved by the court upon motion or by way of special proceeding.

(d) Where the Member delivers process and a written request for a defense to the Agency under subdivision (i) of this Section 2, the Agency shall take the necessary steps on behalf of the Member to avoid entry of a default judgment pending resolution of any question pertaining to the obligation to provide for a defense.

(e) The Agency shall indemnify and save harmless its Members in the amount of any judgment obtained against such members in a State or Federal court, or in the amount of any settlement of a claim, provided that the act or omission from which such judgment or claim arose occurred while the Member was acting within the scope of the Member’s public employment or duties; provided further that in the case of a settlement, the duty to indemnify and save harmless shall be conditioned upon the approval of the amount of settlement by a majority of the Members of the Agency eligible to vote thereon.

Industrial Development Agency

(f) Except as otherwise provided by law, the duty to indemnify and save harmless prescribed by this Section 2 shall not arise where the injury or damage resulted from intentional wrongdoing or recklessness on the part of the Member seeking indemnification.

(g) Nothing in this subdivision shall authorize the Agency to indemnify or save harmless any Member with respect to punitive or exemplary damages, fines or penalties; provided, however, that the Agency shall indemnify and save harmless its Members in the amount of any costs, attorneys' fees, damages, fines or penalties which may be imposed by reason of an adjudication that the Member, acting within the scope of the Member's public employment or duties, has, without willfulness or intent on the Member's part, violated a prior order, judgment, consent decree or stipulation of settlement enter in any court of the State or of the United States.

(h) Upon entry of a final judgment against the Member, or upon the settlement of the claim, the Member shall serve a copy of such judgment or settlement, personally or by certified or registered mail within thirty (30) days of the date of entry or settlement, upon the Chairman and the chief administrative officer of the Agency; and if not inconsistent with the provisions of this Section 2, the amount of such judgment or settlement shall be paid by the Agency.

(i) The duty to defend or indemnify and save harmless prescribed by this Section 2 shall be conditioned upon:

(i) delivery by the Member to the Chairman of the Agency and the chief legal officer of the Agency or to its chief administrative officer of a written request to provide for such Member's defense together with the original or a copy of any summons, complaint, process, notice, demand or pleading within ten (10) days after the Member is served with such document, and

(ii) the full cooperation of the Member in the defense of such action or proceeding and in defense of any action or proceeding against the Agency based upon the same act or omission, and in the prosecution of any appeal.

(j) The benefits of this section shall inure only to Members as defined in subdivision (a) of this Section 2 and shall not enlarge or diminish the rights of any other party.

(k) This Section 2 shall not in any way affect the obligation of any claimant to give notice to the Agency under section 10 of the Court of Claims Act, Section 880 of the General Municipal Law, or any other provisions of law.

(l) The Agency is hereby authorized and empowered to purchase insurance from any insurance company created by or under the laws of the State, or authorized by law to transact business in the state, against any liability imposed by the provisions of this Section 2, or to act as a self-insurer with respect thereto. The provisions of this Section 2 shall not be construed to impair, alter, limit or modify the rights and obligations of any insurer under any policy of insurance.

(m) All payments made under the terms of this Section 2, whether for insurance or otherwise, shall be deemed to be for a public purpose and shall be audited and paid in the same manner as other public charges.

City of Syracuse

Industrial Development Agency

(n) Except as otherwise specifically provided in this Section 2, the provisions of this Section 2 shall not be construed in any way to impair, alter, limit, modify, abrogate or restrict any immunity to liability available to or conferred upon any Member of the Agency by, in accordance with, or by reason of, any other provision of State or Federal statutory or common law. The benefits under this Section 2 shall supplement, and be available in addition to, defense or indemnification protection conferred by any law or enactment. This Section 2 is intended to confer upon Members of the Agency all of the benefits of Section 18 of the Public Officers Law and impose upon the Agency for costs incurred under the provisions hereof and thereof.

Section 3. Fiscal Year

The fiscal year of the Agency shall be fixed by the Members, subject to the applicable law.

Section 4. Powers of the Agency

The Agency shall have all the powers of an Industrial Development Agency authorized by Article 18-A of the General Municipal Law and shall have the power to do all things necessary or convenient to carry out its purposes and exercise the powers authorized herein.

City of Syracuse

Industrial Development Agency

APPENDIX E

CODE OF ETHICS

The following standards have been adopted by the Syracuse Industrial Development Agency (the "Agency"):

1. Standards:

- A. No Member, officer or employee of the Agency should accept employment or engage in any business or professional activity which will require him or her to disclose confidential information which he or she has gained by reason of his official position or authority.
- B. No Member, officer or employee of the Agency should accept employment or engage in any business or professional activity which will require him or her to disclose confidential information which he or she has gained by reason of his or her official position or authority.
- C. No Member, officer or employee of the Agency should disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his personal interests.
- D. No Member, officer or employee of the Agency should use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself or others.
- E. No Member, officer or employee of the Agency should engage in any transaction as representative or agent of the Agency with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his official duties.
- F. A Member, officer or employee of the Agency should not by his or her conduct give reasonable basis for the impression that any person can improperly influence him or her, or unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank, position or influence of any party or person.
- G. A Member, officer or employee of the Agency should abstain from making personal investments in enterprises which he has reason to believe may be directly involved in decisions to be made by him or her, or which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest.
- H. A Member, officer or employee of the Agency should endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.
- I. No Member, officer or employee of the Agency, nor any firm, corporation or association with which such a Member is affiliated, should sell goods or services to any person, firm, corporation or association which is licensed or whose rates are fixed by the state agency in which such Member, officer or employee serves or is employed.
- J. If any Member, officer or employee of the Agency shall have a financial interest, direct or indirect, having a value of ten thousand dollars (\$10,000.00) or more in any activity which is subject to the jurisdiction of a regulatory agency, he or she should file with the Chairman, or Executive Director, a written statement

City of Syracuse

Industrial Development Agency

that he or she has such a financial interest in such activity. Such statement shall be open to public inspection.

Violations: In addition to any penalty contained in any other provision of law any such director or member who shall knowingly and intentionally violate any of the provisions of this section may be fined, suspended or removed from office or employment in the manner provided by law.

2. Conflicts of Interest

No Member, officer or employee of the Agency should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties in the public interest.

Adopted: August 12, 2010

Reviewed: March 20, 2018

City of Syracuse

Industrial Development Agency

APPENDIX F INVESTMENT POLICY

Introduction

Pursuant to New York State General Municipal Law §858-a (3), General Municipal Law §10, and General Municipal Law §11 applicable to deposits and investments of funds for the Syracuse Industrial Development Agency (“the Agency”), the board of every public benefit corporation by resolution must adopt comprehensive investment guidelines which detail the corporation’s operating policy and instructions to officers and staff regarding investing, monitoring, and reporting of funds of the corporation. The investment guidelines shall be annually reviewed and approved by the board of the corporation (Public Authorities Law §2925 (1)).

1. Scope

This investment policy applies to all moneys and other financial resources available for investment on behalf of the Agency or on behalf of any other entity or individual.

2. Objectives

The primary objectives of the Agency’s investment activities are as follows:

- A. **Legal:** to conform with all applicable federal, state and other legal requirements,
- B. **Safety:** to adequately safeguard principal,
- C. **Liquidity:** to provide sufficient liquidity to meet all operating requirements, and
- D. **Yield:** to obtain a reasonable rate of return.

3. Delegation of Authority

Delegation of Authority to manage the investment program is granted to the Agency Treasurer, as Chief Fiscal Officer, or his/her designee, having custody of money, who shall establish written procedures for the operation of the investment program consistent with these investment guidelines. Responsibility for the operation of the investment program is hereby delegated to the Executive Director, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy.

Such procedures should include references to:

- A. safekeeping,
- B. delivery vs. payment,
- C. investment accounting,
- D. repurchase agreements,
- E. wire transfer agreements, and
- F. collateral/depository agreements.

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officer. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

4. Prudence

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Agency to govern effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

Industrial Development Agency

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Agency.

5. Diversification

It is the policy of the Agency to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling. The following investment vehicles are authorized investments of the Agency:

- A. Certificates of Deposits issued by a bank or trust company as authorized to do business in New York State.
- B. Time deposit accounts in a bank or trust company authorized to do business in New York State.
- C. Authorized securities limited to U.S. Treasury obligations, Federal agencies, the principal and interest of which are guaranteed by United States, obligation of the State of New York or obligation of New York State local governments.
- D. Repurchase Agreements with a bank that is authorized to do business in New York State and primary dealer that are designated by the Federal Reserve.
- E. Securities purchased pursuant to repossession agreements shall be limited to U.S. Treasury Bills.

6. Internal Controls

It is the policy of the Agency for all moneys collected by any officer or employee of the government to transfer those funds to the Agency Treasurer's Office, within one business day or within the time period specified in law, whichever is shorter. Some of the entities that this provision is applicable to are as follows:

- A. Planning and Economic Development Office
- B. IDA Board

The Agency Treasurer, as Chief Fiscal Officer, or his/her designee, having custody of money, is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

7. Designation of Depositories

The banks and trust companies authorized for the deposit of monies are designated through resolution by the Agency Board.

8. Collateralizing of Deposits

In accordance with the provisions of General Municipal Law, §10 and 11, all deposits of the Agency, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

Industrial Development Agency

- A. By a pledge of “eligible securities” with an aggregate “market value”, or provided by General Municipal Law, §10, equal to the aggregate amount of deposits.

- B. By an eligible “irrevocable letter of credit” issued by a qualified bank other than the bank with the deposits in favor of the government for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.

- C. By an eligible surety bond payable to the government for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims- paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.

9. Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be held by a third party subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure local government deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events, which will enable the local government to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the local government, such securities shall be delivered in a form suitable for transfer or with the Agency or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the local government, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be co-mingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the local government a perfected interest in the securities.

10. Permitted Investments

As authorized by General Municipal Law, §11, the Agency authorizes the Agency Treasurer, as Chief Fiscal Officer, or his/her designee, having custody of money, to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- A. Special time deposit accounts authorized to do business in New York State;

- B. Certificates of deposit;

- C. Obligations of the United States of America;

- D. Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;

- E. Obligations of the State of New York;

Industrial Development Agency

- F. Obligations issued pursuant to Local Finance Law §24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the City of Syracuse;
- G. Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments;
- H. Certificates of Participation (COPs) issued pursuant to General Municipal Law §109-b;
- I. Obligations of this local government, but only with any moneys in a reserve fund established pursuant to General Municipal Law §§ 6-c, 6-d, 6-e, 6-g, 6-h, 6-j, 6-k, 6-l, 6-i, or 6-n.

All investment obligations shall be payable or redeemable at the option of the Agency with in such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Agency within two years of the date of purchase. The designated depository will confirm all purchases and transactions in writing to the Agency.

11. Authorized Financial Institutions and Dealers

The Agency shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments, which can be made with each financial institution or dealer. All financial institutions with which the local government conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Agency. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The Agency Treasurer, as Chief Fiscal Officer, or his/her designee, having custody of money, is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually. The Agency Treasurer, as Chief Fiscal Officer, or his/her designee, having custody of money, may use credit reporting agencies to determine the credit worthiness of trading partners.

Investments in time deposits and certificates of deposits are to be made with banks or trust companies. Their annual reports shall be reviewed by the Agency Treasurer as Chief Fiscal Officer to determine financial strength.

12. Purchase of Investments

The Agency Treasurer, as Chief Fiscal Officer, or his/her designee, having custody of money, is authorized to contract for the purchase of investments:

- A. Directly, including through a repurchase agreement, from an authorized trading partner.
- B. By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the Common Council.
- C. By utilizing an ongoing investment program with an authorized tracking partner pursuant to a contract authorized by the Agency Board.

All purchased obligations, unless registered or inscribed in the name of the local government, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in

Industrial Development Agency

writing to the Agency by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as described in General Municipal Law, §10.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Agency, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the Agency a perfected interest in the securities.

13. Repurchase Agreements – Written Contracts

Securities purchased through a repurchase agreement shall be valued to market at period intervals by the Agency Treasurer or his/her designee. A repurchase agreement (REPO) is a transaction in which the Agency purchases from a trading partner authorized securities.

Simultaneously, the Agency agrees to resell and the trading partner agrees to repurchase the security at a future date. Prices and dates for the sale and resale are agreed upon at the time of the initial purchase by the Agency.

Collateral shall not be required with respect to the direct purchase of obligations of New York State, obligations of the United States, and obligations of Federal agencies, the principal and interest of which are guaranteed by the United States government.

Every repurchase agreement shall provide for payment to the seller only upon the seller’s delivery of obligations of the United States to the custodial bank agreed upon with the trading partner, or in the case of a book entry transaction, when the obligations of United States are credited to the custodian’s Federal Reserve Bank account. The seller shall not be entitled to substitute securities. Repurchase agreements shall be for a period of 30 days or less. The custodial bank shall confirm all transactions in writing to ensure that the Agency’s ownership of the securities is properly reflected on the records of the custodial bank.

Payment shall be made by or on behalf of the local government for obligations of New York State, obligations the principal and interest of which are guaranteed by the United States, United States obligations, certificates of deposits, and other purchased securities upon delivery thereof to the custodial bank, or in the case of a book-entry transaction, when the purchased securities are credited to the custodial bank’s Federal reserve System account. All transactions shall be confirmed in writing.

Therefore, it is the policy of the Agency to require:

- A. Written contracts for all repurchase agreements;
- B. Written contracts for all Certificates of Deposit; and
- C. Written contracts with the Custodial Bank.

14. Operations, Audit and Reporting

The Agency Treasurer, as Chief Fiscal Officer, for the City of Syracuse or his/her designee, having custody of money, shall authorize the purchase and sale of all securities and execute contracts for repurchase agreements and certificates of deposit on behalf of the Agency. Oral directions concerning the purchase, transaction, or sale of securities shall be confirmed in writing. The Agency shall pay for purchased securities upon delivery or book entry thereof.

The Agency will encourage the purchase and sale of securities and certificates of deposit through a competitive or negotiated process involving telephone solicitations of at least three bids for each transaction.

At the time independent auditors conduct the annual financial audit of the accounts and affairs of the Agency, the auditors shall audit compliance with these Investment Guidelines.

City of Syracuse

Industrial Development Agency

The Agency Board shall review and approve the Agency's investment policy on an annual basis. The provisions of these Investment Guidelines and any amendments hereto, shall take effect prospectively, and shall not invalidate the prior selection of any custodial bank or prior investment.

Adopted: August 12, 2010

Reviewed: March 20, 2018

City of Syracuse

Industrial Development Agency

APPENDIX G

DISPOSITION OF PROPERTY POLICY

1. **Definitions:**

- 1.1. "Act" shall mean Title 5-A of the New York Public Authorities Law, as amended from time to time.
- 1.2. "Agency" shall mean the City of Syracuse Industrial Development Agency.
- 1.3. "Board" shall mean the Board of Directors of the Agency
- 1.4. "Contracting Officer" shall mean the Executive Director of the Syracuse Industrial Development Agency (the "Agency") who shall be responsible for the disposition of property.
- 1.5. "Dispose" or "Disposal" shall mean transfer of title or any other beneficial interest in Property in accordance with these Guidelines, as defined below, and Section 2897 of the Public Authorities Law, as amended from time to time.
- 1.6. "Policy" shall mean this Disposition of Property Policy as amended from time to time by resolution of the Agency.
- 1.7. "Property" shall mean personal property in excess of five thousand dollars (\$5,000) in value, any real property, and any inchoate or other interest in such property, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party. For purposes of this Policy, Property shall not include the interest granted to the Agency in any project in connection with the provision of any financial assistance, to the extent that such project and interest granted to the Agency secure the project occupant's obligation to the Agency or any indebtedness obtained by or on behalf of the project occupant.

2. **Controlling Legislation**

- 2.1. The Public Authorities Accountability Act of 2005 requires the Agency to adopt by resolution comprehensive guidelines which detail the Agency's operative policy and instructions regarding the use, awarding, monitoring and reporting of contracts for the Disposal of Property and designate a Contracting Officer with responsibility for compliance with and enforcement of this Policy.
- 2.2. This Policy is intended to be consistent with and shall be construed in accordance with the Act. The Agency shall dispose of property in accordance with the Act and this Policy.
- 2.3. The Act requires the Agency to:
 - A. maintain adequate inventory controls and accountability systems for all property under its control;
 - B. periodically inventory such property to determine which property shall be Disposed of;
 - C. produce a written report of such property in accordance with section E. below;

Industrial Development Agency

- D. transfer or Dispose of such property as promptly as possible in accordance with Section 2897 of the Public Authorities Law;
- E. publish, not less frequently than annually, a report listing all real property of the Agency. Such report shall consist of a list and full description of all real and personal property Disposed of during such period. The report shall contain the price received by the Agency and the name of the purchaser for all such property sold by the Agency during such period;
- F. deliver copies of such report to the Comptroller, the Director of the Budget, the Commissioner of General Services, and the Legislature; and
- G. review and approve these guidelines annually and file with the Comptroller a copy of the most recently reviewed and approved guidelines by March 31st of each year.

3. Duties of the Contracting Officer:

Except as otherwise provided herein, and in the Act, the Contracting Officer shall maintain supervision and direction over the Disposal of Property of the Agency, and shall monitor the Agency’s compliance with this Policy.

4. Agency Property:

4.1. Custody and Control.

The custody and control of the property of the Agency, pending its Disposal, and the Disposal of such property, shall be performed by the Agency or by the Commissioner of General Services when so authorized under the Act and this Policy.

4.2 Appraisal

Prior to Disposal, an appraisal shall be made by an independent appraiser of the value of any interest in real property, or any other Property which because of its unique nature is not subject to fair market pricing. Said appraisal shall be included in the Agency’s record of the transaction for the Property.

.3. Available Procedures for Disposition of Property.

A. Disposal by the Commissioner of General Services

When it shall be deemed advantageous to the Agency and the State of New York, the Agency may enter into an agreement with the Commissioner of General Services where under such Commissioner may Dispose of property of the Agency under terms and conditions agreed to by the Agency and the Commissioner of General Services. In Disposing of any such property of the Agency, the Commissioner of General Services shall be bound by the terms of this Policy and references to the Contracting Officer shall be deemed to refer to such Commissioner.

B. Disposal by Sealed Bid Process

The Agency may dispose of any Property, to any purchaser at the highest marketable price or rental after receipt of sealed bids pursuant to Public Authorities Law § 2897(6) provided that:

Industrial Development Agency

1. the advertisement for bids shall be made at such time prior to the Disposal or contract, through such methods, and on such terms and conditions as shall permit full and free competition consistent with the value and nature of the Agency's Property ; and
2. all bids shall be publicly disclosed at the time and place stated in the advertisement; and
3. the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Agency, price and other factors considered; provided, that all bids may be rejected by the Agency when it is in the public interest to do so.

C. Disposal by Negotiation or Public Auction

The Agency may dispose of Property by negotiation or public auction pursuant to Public Authorities Law § 2897(6)(c)when:

1. the personal property involved has qualities separate from the utilitarian purpose of such property , such as artistic quality, historical significance, rarity, or other quality of similar effect that would tend to increase its value, or if the personal property is to be sold in such quantity that if Disposed of by sealed bid, would adversely affect the State or local market for such property, and the estimated fair market value of such property and other satisfactory terms of Disposal can be obtained by negotiation;
2. the fair market value of the Property does not exceed fifteen thousand dollars (\$15,000.00);
3. bid prices after advertising therefore are not reasonable, either as to all or some part of the property, or have not been independently arrived at in open competition;
4. the Disposal will be to the state or any political subdivision, and the estimated fair market value of the property and other satisfactory terms of Disposal are obtained by negotiation;
5. the transferee is a government or other public entity, and the terms and conditions of the transfer require that the ownership and use of the Property will remain with the government or any other public entity;
6. the purpose of the transfer is within the purpose, mission, or governing statute of the Agency.

5. Disposal of Property for Less than Fair Market Value

5.1 The Agency may dispose of real property for less than fair market value when:

- A. The disposal is to a government or other public entity, and the terms and conditions of the transfer require that the ownership and use of the asset will remain with the government or any other public entity; or when,

City of Syracuse

Industrial Development Agency

B. the purpose of the disposal is within the purpose, mission, or governing statute of the Agency; or when

C. the disposal is not to a governmental entity, and the disposal is not consistent with the Agency's mission, purpose or governing statute where the Agency has provided written notification of the disposal to the governor, the speaker of the assembly, and the temporary president of the senate, and the proposed transfer is not denied by the governor, the senate, or the assembly pursuant to Public Authorities Law § 2897(7)(iii).

5.2 Information to be provided to the Board: In the event that a below fair market value asset transfer is proposed, the following information must be provided to the Board and the public:

A. a full description of the asset; and

B. an appraisal of the fair market value of the asset and any other information establishing the fair market value sought by the Board; and

C. A description of the purpose of the transfer, and a reasonable statement of the kind and amount of the benefit to the public resulting from the transfer, including but not limited to the kind, number, location, wages or salaries of jobs created or preserved as required by the transfer, the benefits, if any, to the communities in which the asset is situated as are required by the transfer; and

D. a statement of the value received compared to the fair market value; and

E. the names of any private parties participating in the transfer, and if different than the statement under subsection D of this section, a statement of the value to the private party; and,

F. The names of other private parties who have made an offer for such asset, the value offered, and the purpose for which the asset was sought to be used.

5.3 Board approval of disposal of property for less than fair market value: prior to disposing of property for less than market value, the Board shall consider the information described in section 5.2 of these guidelines and make a written determination that there is no reasonable alternative to the proposed below market transfer that would achieve the same purpose of such transfer.

6. Validity of Deed, Bill of Sale, Lease, or Other Instrument:

A deed, bill of sale, lease, or other instrument executed by or on behalf of the Agency, purporting to transfer title or any other interest in property of the Agency under these Guidelines shall be conclusive evidence of compliance with the provisions hereof insofar as concerns title or other interest of any bona fide grantee or transferee who has given valuable consideration for such title or other interest and has not received actual or constructive notice of lack of such compliance prior to the closing.

7. Reports and Transmittals

7.1 Property Report

The Agency shall publish, not less frequently than once a year, a report listing all Property of the Agency. Such report shall consist of a list and full description of all real and personal Property to be Disposed of during such period. The report shall contain the price received by the Agency, and the name of the purchaser for all Property Disposed of by the Agency during such period. The Agency shall deliver copies

Industrial Development Agency

of such reports to the Comptroller of the State of New York, the Director of the Budget of the State of New York, the Commissioner of General Services, and Legislature.

7.2 Explanatory Statements for Negotiated Disposals

An explanatory Statement when required under this section shall be transmitted to the comptroller, the director of budget, the commissioner of general services, the legislature, and the authorities budget office at least ninety days prior to the disposal. A copy of the explanatory statement shall also be preserved by the Agency. An explanatory statement shall be prepared when the circumstances of each disposal by negotiation of:

1. any personal property which has an estimated fair market value in excess of \$15,000;
2. any real property (other than by lease) that has an estimated fair market value in excess of \$100,000,;
3. any real property Disposed of by lease if the estimated annual rent over the term of the lease is in excess of \$15,000;
4. any real property or real and related personal property Disposed of by exchange, regardless of value, or any property any part of the consideration for which is real property.

7.3 Notice of Proposed transfer for less than fair market value to a non-governmental entity where the disposal would not be consistent with the Agency’s mission, purpose, or governing statutes:

Whenever the Agency proposes to transfer an asset for less than fair market value to a non-governmental entity where the disposal would not be consistent with the Agency’s mission, purpose, or governing statutes, the Agency shall provide written notification thereof to the governor, the speaker of the assembly, and the temporary president of the Senate, and such proposal shall be subject to denial by the governor, the senate, or the assembly.

8. Annual Review and Amendments of this Policy

This Policy is subject to modification and amendment at the discretion of the Agency in accordance with the Act, Title 18-A of the New York State General Municipal Law and Section 926 of the General Municipal Law. On or before March 31st of each year, the Agency shall review and approve this Policy annually, and shall include the name of the Contracting Officer. On or before March 31st of each year, the Policy most recently reviewed by the Agency shall be filed with the Comptroller of the State and posted on the Agency’s Website.

Adopted: August 12, 2010
Revised: September 17, 2013
Reviewed: March 20, 2018

Industrial Development Agency

APPENDIX H
PROCUREMENT POLICY

I. Introduction

A. Scope:

In accordance with Article 18-A of the New York State General Municipal Law (GML), Section 104-b of the GML and the Public Authorities Reform Act of 2009, Syracuse Industrial Development Agency (the "Agency"), is required to adopt procurement policies which will apply to the procurement of goods and services paid for and for its own use and account.

B. Purpose:

The primary objectives of this Policy are to assure the prudent and economical use of public monies in the best interests of the taxpayers of the City of Syracuse, to facilitate the acquisition of goods and services of maximum quality at the lowest possible cost under the circumstances and to guard against favoritism, improvidence, extravagance, fraud and corruption.

II. Procurement Officer

A. Designation

The Procurement Officer shall be the Executive Director of the Agency or such other officer or employee of the Agency designated by the Board to carry out the general and specific provisions of the policies and procedures set forth herein. In accordance with GML 104-b, this designation shall be updated biennially.

B. Competitive Bidding

As of the date of adoption of these policies and procedures, the Agency is not subject to the competitive bidding requirements of Section 103 of the General Municipal Law.

C. Duties

The Procurement Officer is hereby designated to be responsible for determining whether a procurement of goods or services is subject to or exempt from the competitive processes described herein. The Procurement Officer shall cause to be made, in writing, the basis and other facts and circumstances relevant to making such a determination.

III. Procedures:

A. Competitive Process

Except as otherwise set forth in this Policy, a competitive process is required for the procurement of the following contracts:

1. Public work contracts (services, labor or construction) involving an expenditure of more than \$1,500.
2. Purchase contracts (acquisition of commodities, materials, supplies or equipment) involving an expenditure of more than \$1,500.

City of Syracuse

Industrial Development Agency

B. Authorization

If the cost of a public works or purchase contract is not more than \$1,500, the Executive Director may authorize the agreement. Public works or purchase contracts for an amount greater than \$1,500 shall require authorization by the Board.

C. Method of Purchase

1. General. The following competitive processes will be used when required by this policy in order to achieve the highest savings:

<u>Estimated Amount of Purchase Contract</u>	<u>Method</u>
\$1,501 - \$3,000	2 written/fax/e-mail quotations
\$3,001 and up	3 written/fax/e-mail quotations or written request for proposals

<u>Estimated Amount of Public Works Contract</u>	<u>Method</u>
\$1,501 - \$3,000	2 written/fax/e-mail quotations
\$3,001 and up	3 written/fax/e-mail quotations or written request for proposals

2. Number of Proposals or Quotations. A good faith effort shall be made to obtain the required number of proposals or quotations. If the Procurement Officer is unable to obtain the required number of proposals or quotations, the Procurement Officer will document the attempt made at obtaining the proposals. In no event shall the failure to obtain the proposals be a bar to the procurement.

3. Documentation.
- (a) Documentation is required of each action taken in connection with each procurement.
 - (b) Circumstances justifying an award to other than the lowest cost quoted:
 - i. Delivery requirements
 - ii. Quality requirements
 - iii. Quality
 - iv. Past vendor performance
 - v. The unavailability of three or more vendors who are able to quote on a procurement.
 - vi. It may be in the best interests of the Agency to consider only one vendor who has previous expertise with respect to a particular procurement.Documentation of the relevant circumstance(s) is required.

D. Procurements Exempt by Statute.

City of Syracuse

Industrial Development Agency

Alternative proposals or quotations for goods and services shall be secured by use of written requests for proposals or written quotations, verbal quotations or any other method of procurement which furthers the purposes GML 104-b except for items excepted herein (see D, below), or procurements made pursuant to:

- a. GML, Section 103(3) (through county contracts), or
- b. GML, Section 104 (through state contracts), or
- c. State Finance Law, Section 175-b (from agencies for the blind or severely handicapped), or
- d. Correction Law, Section 186 (articles manufactured in correctional institutions).

E. Exceptions:

In the sole discretion of the Board, alternative proposals or quotations shall not be required for the following procurements:

1. Emergency Situation

An emergency exists if the delay caused by seeking competitive bids would endanger the health, welfare or property of the Syracuse Industrial Development Agency or of its citizens. Approval of the Executive Director is necessary, which shall be documented and shall also include a description of the situation that gave rise to the emergency.

2. Sole Source Procurements

Defined as a situation when there is only one possible source from which to procure goods and/or services and it is shown that the item needed has unique benefits, the cost is reasonable for the product offered and there is no competition available.

3. City of Syracuse Contracts

When the Agency is able to procure goods and services through City of Syracuse contracts, it will be unnecessary to obtain formal quotations or bids.

4. Insurance

All insurance policies shall be procured in accordance with the following procedures:

Premium Less than \$10,000 – documented telephone quotations from at least three agents (if available)

Premium Over \$10,001 – written quotations/fax or proposals from at least three agents (if available)

5. Professional Services

Professional services or services requiring special or technical skill, training or expertise. The individual, company or firm must be chosen based on accountability, reliability, responsibility, skill, conflict of interests, reputation, education and training, judgment,

Industrial Development Agency

integrity, continuity of service and moral worth. The natures of these services are such that they do not readily lend themselves to a competitive procurement process.

In determining whether a service fits into this category, the Agency shall take into consideration the following guidelines: (i) whether the services are subject to State licensing or testing requirements; (ii) whether substantial formal education or training is a necessary prerequisite to the performance of the services; and (iii) whether the services require a personal relationship between the individual and agency members. Professional or technical services shall include but not be limited to the following: services of an attorney (including bond counsel); technical services of an engineer engaged to prepare plans, maps and estimates; services of a certified public accountant; investment management services; printing services involving extensive writing, editing or art work; marketing and promotional services (including real estate brokerage); and computer software or programming services for customized programs, or services involved in substantial modification and customizing of pre-packaged software.

If the cost of a professional service is not more than \$10,000, the Executive Director may authorize the agreement and shall notify the Board of such contract. Professional service contracts for an amount greater than \$10,000 shall require authorization by the Board.

6. Goods or Services Under \$1,500.

The time and documentation required to purchase through this policy may be more costly than the item itself and would therefore not be in the best interests of the taxpayer. In addition, it is not likely that such de minimis contracts would be awarded based on favoritism.

7. Resolution Waiving the Competitive Process

The Agency may adopt a resolution waiving the competitive process whenever it is determined to be impracticable.

F. Miscellaneous Provisions

1. Local Preference and Minority and Women Owned Enterprises – It is the preference of the Agency to provide opportunities for the purchase of goods and services from (i) business enterprises located in the City of Syracuse and (ii) certified minority and/or women-owned business enterprises. To that end, the Agency will utilize available lists of M/WBE firms certified by the City of Syracuse and will solicit quotations and proposals from such businesses by notifying them of opportunities to submit proposals and quotations for goods and services. MBE and WBE businesses will be provided with sufficient time to submit proposals in response to solicitations.

2. Comments concerning the procurement policy shall be solicited from the members of the Board from time to time.

City of Syracuse

Industrial Development Agency

3. The Agency shall annually review the policies and procedures herein. Amendments to these policies and procedures may be made at any time during the year.

4. Pursuant to Section 104-b of the GML, the unintentional failure to fully comply with the provisions of this policy shall not be grounds to void action taken or give rise to a cause of action against the Agency, or any member, officer or employee thereof.

Revised: March 27, 2013

Reviewed: March 20, 2018

City of Syracuse

Industrial Development Agency

APPENDIX I

Financial Statements begin on the next page:

Investment Compliance Report
Internal Control Report
Financial Statements



INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
City of Syracuse Industrial Development Agency
Syracuse, New York

We have examined the City of Syracuse Industrial Development Agency (SIDA) compliance with the New York State Public Authorities Law section 2925 applicable to SIDA's investments for the year ended December 31, 2017. Management is responsible for SIDA's compliance with those requirements. Our responsibility is to express an opinion on SIDA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about SIDA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of SIDA's compliance with specified requirements.

In our opinion, SIDA complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2017.

This report is intended solely for the information and use of management, the audit committee and Board of Directors, others within SIDA, and for compliance with the New York State Public Authorities Law and is not intended to be and should not be used by anyone other than these specified parties.

Grossman St Amour CPAs

Syracuse, New York
March 20, 2018



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of the
City of Syracuse Industrial Development Agency
Syracuse, New York

We have audited the basic financial statements of the City of Syracuse Industrial Development Agency (SIDA) as of and for the years ended December 31, 2017 and 2016 and have issued our report thereon dated March 20, 2018. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of SIDA is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered SIDA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SIDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SIDA's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SIDA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, audit committees, others within the entity, and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Grossman St Amour CPAs

Syracuse, New York
March 20, 2018

**CITY OF SYRACUSE
INDUSTRIAL DEVELOPMENT AGENCY**

(A component unit of the City of Syracuse, New York)

FINANCIAL STATEMENTS

December 31, 2017 and 2016

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis for the Year Ended December 31, 2017	4-8
Basic Financial Statements –	
Statements of Net Position	9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows.....	11
Notes to Financial Statements	12-22
Supplemental Information –	
Supplemental Schedule of Revenue Bonds and Other Bonds (Conduit Debt Obligations)	23-25



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
City of Syracuse Industrial Development Agency

Report on the Financial Statements

We have audited the accompanying basic financial statements of City of Syracuse Industrial Development Agency, a component unit of the City of Syracuse, New York as of December 31, 2017 and 2016, and for the years then ended, and the related notes to the financial statements, which collectively comprise the City of Syracuse Industrial Development Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Syracuse Industrial Development Agency's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Syracuse Industrial Development Agency as of December 31, 2017 and 2016 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles general accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance. New York State General Municipal Law, Article 18-A, Section 859

Other Information

Our audit was conducted for purpose of forming an opinion on the financial statements that collectively comprise the City of Syracuse Industrial Development Agency's basic financial statements. The supplemental schedule of revenue bonds and other bonds (conduit debt) is presented to supplement the basic financial statements.

The supplemental schedule of revenue bonds and other bonds (conduit debt) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of revenue bonds and other bonds (conduit debt) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated March 20, 2018 on our consideration of the City of Syracuse Industrial Development Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Syracuse Industrial Development Agency's internal control over financial reporting and compliance.

Grossman St Amour CPAs

Syracuse, New York
March 20, 2018

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis (unaudited) For the Year Ended December 31, 2017

As management of the City of Syracuse Industrial Development Agency ("SIDA"), we offer readers of this Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Syracuse Industrial Development Agency exceeded its liabilities at the close of its most recent fiscal year by \$8,685,597 (net position). This amount may be used to meet the Agency's ongoing obligations to constituents and creditors in accordance with the Agency's fund designation and fiscal policies.
- The Agency's total net position increased by \$1,785,174 for the 2017 fiscal year.
- During 2017 the Agency received \$5,889,613 for its role in various development projects. The majority of the development fees (\$3,800,000) came from the Destiny USA project. This amount was passed through by SIDA to the City of Syracuse/Onondaga County. In addition to the Destiny USA Project fees, SIDA received monies for financing fees of \$2,075,113 from other developers. The top project fees received were \$464,803 related to the State Tower Building, \$666,323 from BVSHSF Syracuse LLC for its Peak Campus SU student housing project, and \$405,450 from Syracuse 727 LLC for Syracuse University student housing project at 727 Crouse Ave.
- SIDA continues to receive monies from a related entity, Syracuse Economic Development Corporation (SEDCO) related to loan from a third party. Principal payments of \$129,450 and \$148,809 of interest payments were received on this loan from SEDCO in 2016.
- The Agency continued reducing its HUD-108 guaranteed bonds payable balance during 2017 by making \$148,000 in principal payments. SIDA reduced its outstanding principal on these loans from \$499,000 in 2016 to \$351,000 in 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of two components: 1) agency-wide financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis (unaudited) For the Year Ended December 31, 2017

Agency-wide financial statements – The agency-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Activities presents information showing how the Agency's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., accrued interest).

Both of the agency-wide financial statements report only business-type (proprietary) activities, since none of the Agency's activities are considered to be governmental activities supported primarily by taxes.

The agency-wide financial statements can be found on pages 9 through 11 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the agency-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 22 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also includes certain supplemental information, which includes information concerning revenue bonds and other bonds (conduit debt). This supplementary information can be found on pages 22 through 24 of this report.

AGENCY-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Agency's financial position. In the case of the City of Syracuse Industrial Development Agency, assets exceeded liabilities by \$8,685,597 as of December 31, 2017.

Cash and loans receivable constitute the largest portion of the Agency's net position. This net position is available for future repayment of outstanding loans and for future economic development projects. All of the Agency's funds are treated as proprietary (business-type) funds.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

**Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2017**

The following are summarized versions of the agency-wide financial statements:

Statements of Net Position		
	2017	2016
Cash and cash equivalents	\$ 5,707,888	\$ 4,319,074
Receivables	5,032,422	4,889,849
Other assets	1,147,834	1,260,446
Total assets	<u>\$ 11,888,144</u>	<u>\$ 10,469,369</u>
Bonds payable	\$ 351,000	\$ 724,000
All other liabilities	2,503,665	2,497,064
Total liabilities	<u>2,854,665</u>	<u>3,221,064</u>
Net position	9,033,479	7,248,305
Total liabilities and net position	<u>\$ 11,888,144</u>	<u>\$ 10,469,369</u>

ASSETS

Major year over year changes with regard to the net decrease in cash are due to the payments on bonds and amounts received for loan fees and grants. Cash provided by operations was \$2,004,052 in 2017 compared to Cash used by operating activities was \$28,453 in 2016.

BONDS PAYABLE

The Agency has HUD Section 108 guaranteed bonds payable as of December 31, 2017 of \$351,000. During 2017, the Agency made principal payments of \$148,000. The resources needed to repay these loans will come from operating funds of the Agency.

The Agency also held bonds payable in the amount of \$225,000 for a parking garage in Armory Square in Syracuse which was repaid in 2017.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

**Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2017**

Statements of Revenues, Expenses and Changes in Net Position		
	2017	2016
Financing fees	\$ 5,889,613	\$ 5,003,767
All other income	594,468	487,617
Total income	6,484,081	5,491,384
Destiny USA fee to City of Syracuse/Onondaga County	3,800,000	3,800,000
Interest expense	29,499	41,024
Public improvements	57,241	1,325,663
All other expenses	812,167	944,974
Total expenses	4,698,907	6,111,661
(Decrease) Increase in net position	1,785,174	(620,277)
Net position – beginning of year	6,900,423	7,520,700
Net position – end of year	\$ 8,685,597	\$ 6,900,423

FINANCING AND EXTENSION FEES

As reported earlier, SIDA receives a substantial development fee from the Destiny USA of \$3,800,000 each year as part of a twelve year fee structure, totaling \$60,000,000. The monies are passed onto the City of Syracuse and Onondaga County.

In addition to the Destiny USA Project fees, SIDA received monies for financing fees totaling \$2,075,113 from other developers.

GARAGE RENT REVENUE

During 2017, SIDA received \$242,238 for rent of the parking garage that they own. This rental income is a reimbursement from the City of Syracuse, New York which operates the garage. The lease between SIDA and the City of Syracuse (the City), New York expired on December 1, 2017. The term of the new lease is at no cost to the City for one (1) year with two one (1) year renewal options. The City will be responsible for maintenance and parking management.

PROFESSIONAL FEES

Professional fees are typically legal fees associated with the negotiations of financing, PILOT agreements and other activities of the organization.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

**Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2017**

REQUEST FOR INFORMATION

This financial report is designed to provide readers with a general overview of the Agency's finances. If you have questions about this report or need additional information, contact the Agency's board at the City of Syracuse Industrial Development Agency, 201 East Washington Street, Room 605, Syracuse, NY 13202-1432. You may also visit their website at www.syr.gov.net, and navigate to the Neighborhood and Business Development department for more information.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Statements of Net Position

	December 31,	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,707,888	\$ 4,319,074
Loans receivable - SEDCO	171,167	133,387
Due from related parties	242,238	-
Investment in properties, at cost	985,220	985,220
Total current assets	<u>7,106,513</u>	<u>5,437,681</u>
Long-term Assets		
Loans receivable - SEDCO	4,619,017	4,756,462
Land and building, at cost, net of depreciation	162,614	275,226
Destiny USA fees receivable	3,800,000	7,600,000
Destiny USA fees payable to City and County	<u>(3,800,000)</u>	<u>(7,600,000)</u>
Total long-term assets	<u>4,781,631</u>	<u>5,031,688</u>
 Total assets	 <u>\$ 11,888,144</u>	 <u>\$ 10,469,369</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	\$ 92,060	\$ 83,042
Accrued interest payable	3,713	6,164
Grant payable	735,368	735,368
Bonds payable - parking garage, current portion	-	225,000
Bonds payable - HUD guaranteed, current portion	154,000	148,000
Total current liabilities	<u>985,141</u>	<u>1,197,574</u>
Long-term Liabilities		
Payable to City of Syracuse - long-term portion	1,672,524	1,672,490
Payable to City of Syracuse - CDBG	347,882	347,882
Bonds payable - HUD guaranteed, long-term portion	197,000	351,000
Total long-term liabilities	<u>2,217,406</u>	<u>2,371,372</u>
Total liabilities	<u>3,202,547</u>	<u>3,568,946</u>
Net Position		
Net investment in capital assets	162,614	50,226
Restricted for:		
Lakefront development	-	-
Parking mitigation	93,644	93,644
Unrestricted	8,429,339	6,756,553
Total net position	<u>8,685,597</u>	<u>6,900,423</u>
 Total liabilities and net position	 <u>\$ 11,888,144</u>	 <u>\$ 10,469,369</u>

The accompanying notes are an integral part of these financial statements

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Statements of Revenues, Expenses and Changes in Net Position

	Year Ended December 31,	
	2017	2016
Revenue		
Financing fees	\$ 5,889,613	\$ 5,003,767
Grant income	20,426	-
Interest income	151,718	153,133
Garage rent	242,238	237,920
Garage rent - supplemental	118,118	31,072
Other rental income	55,174	54,616
Other income	6,794	10,876
Total revenue	<u>6,484,081</u>	<u>5,491,384</u>
Expenses		
Development costs -		
Destiny USA fee to City of Syracuse/Onondaga County	3,800,000	3,800,000
Lakefront projects	30,618	45,296
Public improvements	26,623	1,280,367
Interest	29,499	41,024
Legal fees	112,319	78,105
Professional fees	456,219	513,471
Depreciation	112,613	112,613
Insurance	23,053	18,136
Taxes - nonexempt	8,022	8,322
Office and other	99,941	214,327
Total expenses	<u>4,698,907</u>	<u>6,111,661</u>
Change in net position	1,785,174	(620,277)
Net position - beginning of year	<u>6,900,423</u>	<u>7,520,700</u>
Net position - end of year	<u>\$ 8,685,597</u>	<u>\$ 6,900,423</u>

The accompanying notes are an integral part of these financial statements

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Statements of Cash Flows

	Years Ended December 31,	
	2017	2016
Cash flows from operating activities:		
Inflows -		
Interest received	\$ 151,717	\$ 153,133
Loan fees and grants	2,110,039	1,707,903
Rents and miscellaneous fees received	422,324	335,065
Loan repayments	99,665	163,453
Destiny USA fee	3,800,000	3,800,000
Outflows -		
Due from related parties	(242,238)	-
Interest payments	(31,950)	(43,272)
Supplies and services	(747,743)	(2,344,735)
Destiny USA fee	(3,800,000)	(3,800,000)
Net cash (used) provided by operating activities	<u>1,761,814</u>	<u>(28,453)</u>
Cash flows from noncapital financing activities:		
Payments on bonds payable	<u>(148,000)</u>	<u>(324,000)</u>
Cash flows from capital and related financing activities:		
Payments on bonds payable - Armory Garage	<u>(225,000)</u>	<u>(205,000)</u>
Net increase in cash and cash equivalents	1,388,814	(557,453)
Cash and cash equivalents - beginning of year	<u>4,319,074</u>	<u>4,876,527</u>
Cash and cash equivalents - end of year	<u>\$ 5,707,888</u>	<u>\$ 4,319,074</u>
Reconciliation of change in net position to cash provided by operating activities:		
Change in net position	\$ 1,785,174	\$ (620,277)
Depreciation	112,613	112,613
Changes in assets and liabilities:		
Due from related parties	(242,238)	-
Loan receivable	-	34,002
Loan receivable - SEDCO	99,664	129,451
Other receivables	-	504,136
Payable to City of Syracuse	34	34
Accounts payable	9,018	(186,164)
Interest payable	(2,451)	(2,248)
Net cash provided by operating activities	<u>\$ 1,761,814</u>	<u>\$ (28,453)</u>

The accompanying notes are an integral part of these financial statements

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

1. Nature of the Organization and Significant Accounting Policies

Nature of the Organization

The City of Syracuse Industrial Development Agency (SIDA) is a public benefit corporation established in 1979 to enhance economic development activities in the city of Syracuse, NY (the "City"). SIDA was established by New York State General Municipal Law (GMU), Article 18-A, Title 2, paragraph 926, also known as the "New York State Industrial Development Agency Act." SIDA's programs include the issuing of revenue bonds and the making of loans under the HUD Section 108 Program, the Downtown Commercial Rehabilitation Loan Program and the SIDA Development Fund. SIDA is treated by the City as a component unit and is integral to the overall economic development plans of the City.

The basic financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. All of the Agency's funds are proprietary funds, and, therefore, include only business-type activities. There are no material differences between a) net position and fund balances, and b) changes in net position and changes in fund balances, and, therefore, no reconciliation schedules of these items are included in this report.

Basis of Presentation

Agency-wide financial statements – The agency-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Agency as a whole. Individual funds are not presented in the agency-wide financial statements. The Agency has determined that all of its activities are business-type, which are predominantly or entirely financed with fees and loan repayments from external parties.

Net Position Classifications

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- *Lakefront Development*: These funds are restricted to use for public improvement in the lakefront area.
- *Parking Mitigation*: These funds are restricted for use to alleviate parking situations in downtown Syracuse, New York.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

1. Nature of the Organization and Significant Accounting Policies (continued)

Net Position Classification (continued)

Unrestricted - Consists of all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The agency-wide statements use the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. PILOT revenues are recognized in the year for which they are due while grants are recognized when grantor eligibility requirements are met.

Order of Use of Resources

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then use unrestricted resources as they are needed.

Fixed Assets

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Allowance for Doubtful Accounts

SIDA uses the allowance method to report loans of doubtful collectability. There is no allowance as of December 31, 2017 and 2016.

Statement of Cash Flows

SIDA considers its lending activities as operating activities for purposes of the statement of cash flows. For the statement of cash flows, SIDA considers cash and cash equivalents to be all monies in banks and highly liquid investments with maturity dates of less than three months.

Investment Policy

SIDA's investment policy conforms to the requirements of the New York State General Municipal Law §858-a(3), §10 and §11. The objectives of SIDA's investment activities are to conform to all applicable federal state and other legal requirements, to adequately safeguard principal, to provide sufficient liquidity to meet all operating requirements and to obtain a reasonable rate of return.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

1. Nature of the Organization and Significant Accounting Policies (continued)

Concentrations of Credit Risk

At various times during the year, SIDA's cash and cash equivalents balances exceeded the insured limits of the Federal Deposit Insurance Corporation. However, SIDA's accounts were fully collateralized by securities pledged by the depository bank.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Taxes

Generally SIDA is exempt from taxes. Section 874 of the New York State General Municipal Law authorized an exemption from real property taxation for any property acquired by an industrial development agency (IDA) or under its jurisdiction or control. To obtain such an exemption, section 412-a of the Real Property Tax law requires the IDA to file an exemption form with the tax assessor. Qualified IDA property is entitled to an exemption from all general taxes imposed by or on behalf of a county, city, town, village or school district, but not from special ad valorem (property) levies or special assessments.

2. Revenue Bonds/Other Financing

SIDA is empowered to finance the acquisition, construction or reconstruction of manufacturing, warehousing, research, commercial, industrial and pollution control projects. SIDA raises funds to accomplish these purposes by issuing negotiable tax-exempt or taxable revenue bonds and by participating in other financing arranged by/for the developers of the projects.

SIDA can provide up to 100% financing for an approved project including the cost of land, construction, equipment, planning and fees. Financing is generally provided at interest rates 1½ to 2% lower than conventional rates. SIDA finances individual projects by issuing revenue bonds in its own name. These bonds are secured by a mortgage on the property and a subsequent lease to the company. The company sells the bonds to banks at a rate lower than the conventional interest rate.

The bonds become an obligation of the company and are amortized by the revenue from the project. Typically, upon completion of a project, the facilities, improvements or equipment are leased to the company for a term equal to the term of the bond issue, which usually ranges from 10 to 25 years.

The annual lease payments equal the annual principal and interest due on the bonds. At the end of the lease term, the company has the option of purchasing the project for one dollar. The assets and liabilities of these projects are not reflected in the attached financial statements, since SIDA treats the projects and bonds as assets and liabilities of the individual developers.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

3. Tax Abatement Programs

The Industrial Development Agency Act (the "Act") of New York State sets forth the powers that SIDA can carry out. In accordance with the Act, SIDA was created to promote, develop, encourage and assist industrial, manufacturing, warehousing, commercial, research and recreation facilities to advance job opportunities, health, and economic welfare of the people of the State of New York. SIDA carries out its mandate by offering financial incentives to attract, retain, and expand businesses within the City of Syracuse. SIDA's financial incentive assistance can include the issuance of low interest revenue bonds and exemptions from real property tax (through the use of payment in lieu of tax (PILOT) agreements), mortgage recording tax, and sales and use tax.

SIDA has instituted a Uniform Tax Exemption Policy ("UTEP") (last revised 6/21/16) which provides guidelines for the granting of real property, mortgage recording, and sales and use tax exemptions. To be eligible for financial assistance, the recipient of the financial assistance must abide by the requirements of this policy and complete an application process as instituted by SIDA. The governing board of SIDA is required to approve all financial incentive assistance requests by recipients in accordance with the UTEP.

In accordance with New York State General Municipal Law, SIDA has instituted a Recapture Policy (last revised 6/21/16) which allows for the recapture of financial incentive assistance provided to recipients for failure to comply with such Recapture Policy. New York State requires a mandatory recapture of the New York State portion of sales and use taxes for recipients for which the recipient was a) not entitled to; b) in excess of the amounts authorized by SIDA; c) for property or services not authorized by SIDA; and/or d) for a recipient that has failed to comply with material term or condition to use of the property or services in the manner required by any of the project documents between the recipient and SIDA. With respect to all other financial assistance provided to the recipient, SIDA shall have the right to suspend, discontinue, recapture or terminate financial assistance to any recipient to the extent that: a) for projects that utilized local sales and use tax exemptions, the project was not entitled to such exemptions, such exemptions were in excess of the amounts authorized by SIDA, and/or such exemptions were for property or services not authorized by SIDA; b) the recipient, upon completion of their project, fails to reach and maintain at least 85% of its employment requirements for job creation and/or retention; c) the total investment actually made with respect to the project at the project's completion date is less than 85% of its investment requirement; d) the recipient fails to provide annually to SIDA certain information to confirm that the project is achieving the investment, job retention, job creation, and other objectives of the project; or e) there otherwise occurs any event of default under any project document or material violation of the terms and conditions of any project document.

SIDA has not made any commitments as part of the agreements other than to reduce taxes. SIDA has chosen to disclose information about some of its tax abatement agreements individually. It established a quantitative threshold of 10% of the total dollar amount of taxes abated during the year.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

3. Tax Abatement Programs (continued)

SIDA has a tax abatement pertaining to two PILOTS totaling \$17,760,379 or 75% of total taxes abated related to super-regional shopping center located in the City of Syracuse. The PILOTS were entered into in 2006 and terminate at the earliest of (i) December 31, 2065, (ii) the date requested by the recipient pursuant to the terms of the PILOT agreement, and (iii) the date the term of year and financing arrangement with respect to the final phase of the project expires or is earlier terminated (currently January 1, 2036).

Information relevant to the disclosure of all tax abatement programs for the fiscal year ended December 31, 2017 is as follows:

Tax abatement program	12/31/2017
Mortgage recording tax exemption	\$ 1,164,552
Sale and use tax exemption	3,777,733
Payment in lieu of tax (PILOT)	<u>18,774,362</u>
Total taxes abated	<u><u>\$ 23,716,647</u></u>

4. Loan Receivable - SEDCO

The Agency has a loan receivable from a related party, Syracuse Economic Development Corporation (SEDCO) related to an economic development project that SEDCO undertook. SEDCO has since sold this project to a 3rd party developer and received mortgage notes totaling \$5,500,000. SEDCO has pledged all of the payments of principal and interest of this mortgage notes to SIDA.

The mortgage notes bears interest at 3% and is recorded as interest income by SIDA. Both notes mature on January 1, 2025 with a balloon payment on such date.

Principal payments began being made to be made by SEDCO in accordance with the terms and conditions of the mortgage agreement, which will in turn be paid to SIDA and reduce the principal balance of the loan receivable from SEDCO. A summary of the loan is as follows:

\$2,500,000 Note			\$3,000,000 Note			Combined Totals		
Due in	Principal	Interest	Due in	Principal	Interest	Due in	Principal	Interest
2018	77,803	64,007	2018	\$ 93,364	\$ 76,808	2018	\$ 171,167	\$ 140,815
2019	64,375	62,106	2019	\$ 77,250	\$ 74,528	2019	\$ 141,625	\$ 136,634
2020	66,333	60,148	2020	\$ 79,600	\$ 72,178	2020	\$ 145,933	\$ 132,326
2021	68,351	58,131	2021	\$ 82,021	\$ 69,757	2021	\$ 150,372	\$ 127,888
2022	70,430	56,052	2022	\$ 84,515	\$ 67,262	2022	\$ 154,945	\$ 123,314
2023	72,572	53,910	2023	\$ 87,086	\$ 64,691	2023	\$ 159,658	\$ 118,601
2024	74,779	51,702	2024	\$ 89,735	\$ 62,043	2024	\$ 164,514	\$ 113,745
2025	1,682,715	4,207	2025	\$ 2,019,255	\$ 5,048	2025	\$ 3,701,970	\$ 9,255
	<u>\$ 2,177,358</u>	<u>\$ 410,263</u>		<u>\$ 2,612,826</u>	<u>\$ 492,315</u>		<u>\$ 4,790,184</u>	<u>\$ 902,578</u>

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

5. Investment in Properties

SIDA from time to time will purchase and hold title to properties for future sale and development by a third party. The investment in properties represents capital assets of SIDA which are reported at historical cost. SIDA periodically reviews its capital assets for impairments. Impairment is indicated when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined.

Investment in properties is as follows:

Properties:

301, 309-311, 315-321 S. Warren Street	\$ 323,100
1081-1085 S. Salina Street	191,797
2100, 2101, 2103 Rear Coughlin	180,020
341 Peat Street	176,044
Others	114,259
	<u>\$ 985,220</u>

6. Land and Building

SIDA owns the Center Armory Garage Facility which consists of a parcel of land and the parking garage facility. The facility is being depreciated on a straight-line basis over an estimated useful life of twenty-five years. The following is a summary of the cost and accumulated depreciation of the facility for the years ended December 31, 2017 and 2016:

	<u>Balance at 12/31/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/2017</u>
Capital assets at cost:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Buildings	2,815,320	-	-	2,815,320
Total	<u>2,865,320</u>	<u>-</u>	<u>-</u>	<u>2,865,320</u>
Accumulated depreciation:				
Accumulated depreciation	(2,590,095)	(112,612)		(2,702,707)
Capital assets, net	<u>\$ 275,225</u>	<u>\$ (112,612)</u>	<u>\$ -</u>	<u>\$ 162,613</u>

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

7. Payable to City of Syracuse

SIDA has been designated by the City of Syracuse to receive, and subsequently loan for commercial use, funds collected by the City under a past tax amnesty program. Under this program, SIDA serves as a conduit between the loan recipient and the City of Syracuse. All earnings and potential losses from the activities are recorded in the fund titled "Development Fund" and such fund reverts back to the City, as such, SIDA has no net position in this fund.

The payable to the City does not bear any interest. At December 31, 2017 the balance due to the City of Syracuse was \$1,672,524 for general obligations and \$347,882 related to CDBG funding from the City.

8. Bonds Payable

Parking Garage Bonds

The Center Armory Garage Facility is owned by SIDA and is located in the Armory Square historic district in downtown Syracuse. The project was financed by SIDA with revenue bonds. Payments on the bonds are made on a bi-annual basis, with interest only payments made on June 1st and principal plus interest made on December 1st of each year through maturity.

SIDA leases the parking facilities to the Syracuse Economic Development Corporation (SEDCO), which subleases the facilities to the City of Syracuse (the City). The lease and sublease both expired on December 1, 2017. The term of the new lease is at no cost to the City for one (1) year with two one (1) year renewal options. The City will be responsible for maintenance and parking management.

HUD Section 108 Guaranteed Bonds Payable

The U.S. Department of Housing and Urban Development ("HUD") has a loan guarantee assistance program for community and economic development. Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program.

Under this section, HUD offers communities a source of financing for certain community development activities, such as housing rehabilitation, economic development, and large-scale physical development projects. As with the CDBG program, all projects and activities must meet CDBG's rules and requirements and meet the primary objective of CDBG programs whereby the use of 70% of funds must benefit low and moderate income persons and meet one of the following three national objectives: (a) principally benefit low and moderate income persons, (b) assist in eliminating or preventing slums or blight, or (c) assist with community development needs having a particular urgency. Under this program, SIDA and the City of Syracuse pledges its current and future CDBG funds as the principal for the loan guarantee.

Section 108 obligations are financed through underwritten public offerings. Financing between public offerings is provided through an interim lending facility established by HUD. As such, after the public offering, such loans are with a commercial financial institution, which is Bank of NY Mellon for SIDA's current HUD 108 outstanding loans. Although HUD may act as an intermediate lender, ultimately a 3rd party commercial financial institution is the lender.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

8. Bonds Payable (continued)

The Section 108 program provides additional security to the lender in the form of a guarantee by HUD. Even though a guarantee is provided by HUD, the Agency continues to be subject to risk as any inability for the Agency to make payments would allow HUD to first use CDBG monies to pay the loans in default, which would reduce the amount of monies available to the Agency and the City of Syracuse through the CDBG program.

A summary of changes in the Agency's indebtedness is as follows:

		<u>Interest</u>	<u>Maturity</u>	<u>Balance at</u>		<u>Balance at</u>	<u>Due in</u>
		<u>Rate</u>	<u>Date</u>	<u>12/31/16</u>	<u>Payments</u>	<u>12/31/17</u>	<u>One Year</u>
HUD Section 108 Guaranteed bonds:							
Series 2002-A	B-99-MC-36-0108-A	5.8%	8/1/2021	\$ 74,000	\$ (13,000)	\$ 61,000	\$ 14,000
Series 2006-A	B-92-MC-36-0108	0.3%	8/1/2019	75,000	(25,000)	50,000	25,000
Series 2011-A	B-99-MC-36-0108-A	1.3%	8/1/2019	350,000	(110,000)	240,000	115,000
Parking Garage Bonds	1992 A	6.75-7.55%	12/1/2017	125,000	(125,000)	-	-
Parking Garage Bonds	1992 B (taxable)	6.75-7.55%	12/1/2017	100,000	(100,000)	-	-
				<u>\$ 724,000</u>	<u>\$ (373,000)</u>	<u>\$ 351,000</u>	<u>\$ 154,000</u>

The following is a summary of the principal and interest payments outstanding at December 31, 2017:

HUD Section 108		
Guaranteed Bonds		
Due in:	<u>Principal</u>	<u>Interest</u>
2018	154,000	8,911
2019	165,000	6,064
2020	16,000	1,932
2021	16,000	972
	<u>\$ 351,000</u>	<u>\$ 17,879</u>

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

9. Brownsfields Economic Development Incentive (BEDI) Grants

In 1998 and 1999, SIDA received approval for (2) Brownfields Economic Development Incentive (BEDI) grants in the amounts of \$1,000,000 and \$875,000, respectively, for the City Crossroads project. As of December 31, 2017, SIDA had drawn down the following amounts on these grants:

Received in:	BEDI Grant	
	1998	1999
2000	\$ 400,101	\$ -
2002	599,899	293,940
2003	-	91,428
Total drawn	\$ 1,000,000	\$ 385,368

The remainder of the 1999 grant (\$489,632) has not been drawn down by SIDA.

Each of the grants contains a provision which requires SIDA to enter into HUD-108 loans to development projects sited in the City Crossroads area. The required ratio of loans to grant dollars for the 1998 grant is \$3 to \$1, respectively, and \$2.50 to \$1 for the 1999 grant, respectively.

As of December 31, 2017, SIDA had made \$1,950,000 of HUD-108 loans to City Crossroads projects. Additional HUD-108 loans in the City Crossroads area would be needed to meet the required ratios of loan dollars to grant dollars noted above.

As of December 31, 2016, the grant funds which have been earned by the issuance of loans are as follows:

	BEDI grant		
	1998	1999	Total
Grant dollars received	\$ 1,000,000	\$ 385,368	\$ 1,385,368
Grant dollars earned:			
1998: \$1,950,000 ÷ 3 =	650,000	-	650,000
1999: \$0 ÷ 2.5 =	-	-	-
Balance	\$ 350,000	\$ 385,368	\$ 735,368

SIDA has not met the requirements of the grant and does not have any immediate plans on meeting the grant requirements, as such, has recorded the \$735,368 as a liability due to HUD as of December 31, 2017 and 2016. The ultimate payment terms will be negotiated with HUD in the future.

10. Destiny USA Fees

SIDA has participated in the financing of the Carousel Center Mall, holds nominal title to the project, and continues to be active in the financing of the project as it attempts to transform from Carousel Center into Destiny USA. A \$60,000,000 project fee related to this transformation is being paid to SIDA over twelve years. The remaining project fee to be collected is \$3,800,000. There is one annual payments of \$3,800,000 remaining per the project fee agreement. This separate fee is being passed through by SIDA to the City of Syracuse, New York and the County of Onondaga, New York to be used for general economic development purposes.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

11. Conduit Debt Obligations

SIDA has the ability to provide financial assistance to businesses through the issuance of low interest Industrial Development Revenue Bonds and tax exemptions from real property tax, mortgage recording tax, and sales and use tax. Proceeds of the obligations as well as debt service payments are administered by the business through a trustee bank. The obligations are not obligations of SIDA; the primary function of SIDA is to arrange financing between the business and the bond holders. This is a financing arrangement and SIDA merely acts as the financing conduit. These transactions are considered conduit debt obligations. SIDA does not have any obligation to repay the principal and interest of such bonds; as such the bonds are not reflected as long-term obligations. As of December 31, 2017 and 2016, SIDA has issued bonds with an aggregate principal amount outstanding of approximately \$626,328,352 and \$660,183,352, respectively.

12. Contingent Liabilities – Destiny USA Project

Pursuant to an agreement between SIDA and Pyramid Company of Onondaga (Pyramid), SIDA acquired certain real property interests in May 2006 – 2009 in furtherance of the Carousel Expansion Project (first phase of conversion of Carousel Center into Destiny USA and closure of Hiawatha Boulevard) from land owners in the vicinity of Carousel Center and certain tenants/condemnees at the Carousel Center (collectively condemnees) by use of eminent domain. Pursuant to State law, the condemnees are entitled to be paid just compensation by SIDA based on the value of the property interest acquired from them by SIDA, and SIDA has settled with most of the condemnees and made advance payment to all condemnees. Certain condemnees have filed claims seeking additional compensation. As part of the SIDA/Pyramid agreement, Pyramid has agreed to indemnify and hold SIDA harmless with regard to all claims and expenses associated with the eminent domain actions and real property acquisitions. Pyramid provided the funds used by SIDA to make the advance payments and funds to settle those compensation claims which have been settled to date. As of the date of this report, SIDA's attorneys are unable to express an opinion as to the likelihood of an outcome in any of these claims. The financial statements include no accrual for these potential contingent liabilities.

13. Related Party Transactions

The City of Syracuse, Syracuse Economic Development Corporation, and Syracuse Urban Renewal Agency are related entities of SIDA. Various transactions occur between SIDA and these entities during the ordinary course of business. There are amounts due to and from these entities as more fully described throughout these financial statements.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

14. Subsequent Events

In preparing the financial statements, management of SIDA has evaluated events and transactions for potential recognition or disclosure through March 20, 2018, the date the financial statements were available to be issued. On March 2, 2018, the Agency issued School Facility Revenue Bonds, series 2018A totaling \$67,265,000. The Bonds are for the Syracuse City School Project and mature in May 2038 and bear interest ranging from 3.25% to 5.0%. The bonds are conduit debt obligations and similar to other conduit debt, the Agency has no responsibility for repayment of such bonds. The payment of such bonds are guaranteed by the Syracuse City School District and the City of Syracuse. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Supplemental Schedule of Revenue Bonds and Other Bonds (Conduit Debt Obligations)
For the Year Ended December 31, 2017

Project Purpose	Description of the Financing	Closing Date	Interest At Issuance	If Variable, Range	Principal of the Issue					Term Ending Date
					Bonds Outstanding at January 1, 2017	Incurred During 2017	Developer Paid During 2017	Bonds Outstanding at December 31, 2017		
Civic Facility 31020303C	Crouse Health Hospital, Inc. Cardiology Project, Series 1997A	9/24/2003	3.200%	3.09%	\$ 2,105,000	\$ -	\$ 700,000	\$ 1,405,000		1/1/2023
Civic Facility 31020303C	Crouse Health Hospital, Inc. Series 2003A, Multi-Mode Variable Rate Demand	9/24/2003	3.090%	3.44%	\$ 11,216,899	\$ -	\$ 1,370,000	\$ 9,846,899		1/1/2023
Civic Facility 31029803B	Crouse Health Hospital, Inc. Series 2003A Refunding Bonds	9/24/2003	3.170%	0.03%	\$ 6,438,101	\$ -	\$ 750,000	\$ 5,688,101		1/1/2023
Civic Facility 31029803B	Crouse Health Hospital, Inc. Series 2003B (Taxable) Refunding Bonds	9/24/2003	4.400%	0.15%	\$ 2,500,000	\$ -	\$ 300,000	\$ 2,200,000		1/1/2023
Civic Facility 31020707A	Crouse Health Hospital, Inc. Series 2007A, Multi-Mode Variable Rate	12/10/2007	3.250%	0.034%	\$ 16,490,000	\$ -	\$ 16,490,000	\$ -		1/1/2033
Civic Facility 31020707A	Crouse Health Hospital, Inc. Series 2007B, Multi-Mode Variable Rate	12/10/2007	3.410%	0.034%	\$ 1,345,000	\$ -	\$ 1,345,000	\$ -		1/1/2023
Real Estate 31020707B	PILOT Revenue Bonds, Carousel Center Project, Series 2016A	10/19/2016	3.000%	3% - 5%	\$ 198,940,000	\$ -	\$ -	\$ 198,940,000		1/1/2036
Real Estate 31020707B	PILOT Revenue Bonds, Carousel Center Project, Taxable Series 2016B	10/19/2016	5.000%	-	\$ 10,600,000	\$ -	\$ -	\$ 10,600,000		1/1/2036
Real Estate 31020707B	PILOT Revenue Bonds, Carousel Center Project, Taxable Series 2007B	2/27/2007	5.660%	-	\$ 1,883,352	\$ -	\$ -	\$ 1,883,352		1/1/2018
Real Estate 31020707B	PILOT Revenue Bonds, Carousel Center Project, Series 2007C	2/27/2007	5.693%	-	\$ 94,250,000	\$ -	\$ -	\$ 94,250,000		1/1/2028

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Supplemental Schedule of Revenue Bonds and Other Bonds (Conduit Debt Obligations)
For the Year Ended December 31, 2017

Project Purpose	Description of the Financing	Closing Date	Interest		Bonds			Developer Paid During 2017	Bonds Outstanding at December 31, 2017	Term Ending Date
			At Issuance	If Variable, Range	Outstanding at January 1, 2017	Incurred During 2017				
Services 31020101A	Jewish Home of Central NY First Mortgage Revenue Bonds Series 2001A	3/15/2001	6.250%	7.375%	\$ 14,485,000	\$ -	\$ -	\$ 14,485,000	3/1/2031	
Real Estate 31020705	Masonic Lofts Project Mortgage	10/1/2007	4.500%	1.59%	\$ 3,565,000	\$ -	\$ -	\$ 3,565,000	10/1/2039	
Civic Facility 31020801	MESA of NY, Inc. Project Series 2008	1/29/2010	2.315%	1.55%	\$ 4,025,000	\$ -	\$ 210,000	\$ 3,815,000	1/1/2033	
School Facility 31020803	Syracuse City School District Project Series 2008A	3/26/2008	4.000%	3.000% - 5.250%	\$ 34,735,000	\$ -	\$ 34,735,000	\$ -	5/1/2030	
School Facility 31020803	Syracuse City School District Project Series 2010	12/23/2010	3.000%	3.000% - 6.000%	\$ 24,970,000	\$ -	\$ 1,775,000	\$ 23,195,000	5/1/2027	
School Facility 31020803	Syracuse City School District, Tax exempt bonds Series 2011A	7/12/2011	3.000%	4.0% - 5.0%	\$ 23,405,000	\$ -	\$ 2,675,000	\$ 20,730,000	5/1/2028	
School Facility 31020803	Syracuse City School District, Federally taxable bonds Series 2011B	7/12/2011	5.428%	5.428%	\$ 15,000,000	\$ -	\$ -	\$ 15,000,000	5/1/2027	
School Facility 31020803	Syracuse City School District Project, School Facility Revenue Refunding Bonds Series 2017	4/20/2017	4.000%	4.0%-5.0%	\$ -	\$ 29,260,000	\$ -	\$ 29,260,000	5/1/2024	
Civic Facility 31029910A	Syracuse University Capital Finance Series 1999A	12/8/1999	3.520%	.051% - .221%	\$ 18,925,000	\$ -	\$ -	\$ 18,925,000	12/1/2029	
Civic Facility 31029910A	Syracuse University Capital Finance Series 1999B	12/8/1999	3.520%	.051% - .221%	\$ 25,550,000	\$ -	\$ -	\$ 25,550,000	12/1/2029	

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Supplemental Schedule of Revenue Bonds and Other Bonds (Conduit Debt Obligations)
For the Year Ended December 31, 2017

Project Purpose	Description of the Financing	Closing Date	Interest		Bonds			Developer Paid During 2017	Bonds Outstanding at December 31, 2017	Term Ending Date
			At Issuance	If Variable, Range	Outstanding at January 1, 2017	Incurred During 2017				
Civic Facility 31029910A	Syracuse University Capital Finance Series 2005A	12/1/2005	2.850%	.02%-.110%	\$ 40,000,000	\$ -	\$ -	\$ 40,000,000	12/1/2035	
Civic Facility 31029910A	Syracuse University Capital Finance Series 2005B	12/1/2005	2.850%	.02%-.110%	\$ 40,000,000	\$ -	\$ -	\$ 40,000,000	12/1/2035	
Civic Facility 31020813	Syracuse University Capital Finance Series 2008A-1	1/30/2008	0.100%	.02%-.110%	\$ 16,550,000	\$ -	\$ 525,000	\$ 16,025,000	7/1/2037	
Civic Facility 31020813	Syracuse University Capital Finance Series 2008A-2	1/30/2008	6.000%	.01%-.10%	\$ 50,000,000	\$ -	\$ -	\$ 50,000,000	12/1/2037	
Civic Facility 31029501	Vanderbilt/Larned Project Civic Facility Revenue Bonds – 1991 Series	3/30/1995	0.150%	.180%-.220%	\$ 2,705,000	\$ -	\$ 1,740,000	\$ 965,000	4/1/2018	
Grand Total - Revenue Bonds and Other Bonds (Conduit Debt Obligations)					\$ 659,683,352	\$ 29,260,000	\$ 62,615,000	\$ 626,328,352		