

Tompkins County IDA Meeting Minutes

ACTION ITEMS

March 7, 2008

- TCAD staff to request “certified payroll” from TC3 IV Dormitory project. **STATUS: Request made to TC3 and information received and reviewed by Administrative Director.**

April 4, 2008

- Larry Baum and Michael Stamm will review the current recapture policy. **STATUS: subcommittee formed. Review on hold pending changes in NYS IDA law.**

January 16, 2009

- IDA Attorney to draft a letter to Cayuga Green developer asking for a report on current vacancy rates and rents being charged for the apartments in the project. **STATUS: Done.**
- TCAD to study the IDA’s competitive strengths and incentives. **STATUS: Ongoing.**

March 6, 2009

- Create memo documenting Workforce Investment Board meetings with AES Cayuga on the subject of diversity training. **STATUS: No further action being taken.**
- Mr. Furman and TCAD Staff to explore launching an initiative that would attract businesses and entrepreneurs responding to green business market opportunities. **STATUS: Parties have met and are moving forward on endeavor.**

April 3, 2009

- Letter to be drafted from Board Chairperson to the City of Ithaca regarding Cayuga Green project and the non-compliance with requests for information for annual state audit. **STATUS: Done.**
- Mr. Robertson will let the County Legislature and County Attorney know of the non-compliance with the PAAA board independence requirement reference in the audit. **STATUS: Done.**

May 2009 meeting cancelled

June 5, 2009

- Ms. Geldenhuys was asked to review the Cayuga Green PILOT agreement to determine when the start date was/is. **STATUS: Done.**
- Regarding the Cayuga Green project, Ms. Geldenhuys and Mr. Stamm will use existing information to determine if the project is in breach of contract with regards to the initial rents charged being too high. If they determine that the initial rent levels were too high, Ms. Geldenhuys will draft a letter for the next IDA Board meeting notifying the developer (Mr. Schon) of the breach and requesting additional information. Ms. Geldenhuys will look at the PILOT and let the IDA know what the consequences are for breach of contract (i.e. can the

abatement be reduced?) She will also clarify real estate definitions for new rents and average rents. **STATUS: Done.**

- The blank density application should be placed on the next IDA meeting agenda for discussion. **STATUS: Done.**

July 10, 2009

**Tompkins County IDA Meeting Minutes
July 10, 2009
Scott Heyman (Old Jail) Conference Room
Ithaca, NY**

Present: Martha Robertson, Dan Cogan, Jeff Furman, Larry Baum, David Squires, Ed Marx

Excused: Michael Koplinka-Loehr, Kathy Luz Herrera, Michael Sigler

Staff Present: Michael Stamm, Ina Arthur (recording)

Guests Present: Andrew Sciarabba (South Hill Business Campus), Scott Whitham (Hotel Ithaca), Joanne Cornish, Phillysa DeSarno, Nels Bohn (City of Ithaca), Valeria Coggin, Jay Franklin (County Assessment), Krisy Gashler (Ithaca Journal)

CALL TO ORDER Ms. Robertson called the meeting to order at 3:35 PM

ADDITIONS TO THE AGENDA

None.

PRIVILEGE OF THE FLOOR

None.

BUSINESS

South Hill Business Campus Resolution

Mr. Stamm introduced the resolution. He mentioned that when the IDA first delivered incentives to the project, the project could not take advantage of the mortgage recording tax abatement, as traditional funding could not be obtained due to Brownfield remediation. Now that this remediation has ended, the project is seeking the mortgage recording tax abatement as it originally stated it would in its application.

Mr. Sciarabba gave more information on the project and its current status. They began the project in December 2004 with two tenants. They are now 76% leased with 275,000 s.f of space. Many may know that Challenge Industries is trying to move to SHBC and then that happens they will be 83% leased. They have expended \$5.8 million for purchase o the property and have spent \$3.3 million in common area improvements. There are new windows and a new HVAC system. They have spent \$1.4 million in remediation costs. There were 287 employees as of December 2008.

Jeff Furman moved to adopt the resolution authorizing the TCIDA to 1) execute all necessary documents in connection with a new mortgage to be obtained by South Hill Business Campus, LLC to pay off existing indebtedness and finance improvements to the facility located at 950 Danby Road, Town of Ithaca, New York and 2) provide financial assistance to the company in the form of a mortgage tax exemption for the financing related to the facility; and 3) execute related documents. Larry Baum seconded the motion. A roll call vote was called and the motion passed. (Robertson – Yea, Cogan – Yea, Baum – Yea, Furman – Yea, Koplinka-Loehr – excused, Sigler – absent, Luz Herrera – excused)

South Hill Business Campus Solar Panel ROI Discussion

Mr. Sciarabba gave an update on a recent assessment on installing solar panels at the SHBC and the return on investment. Based on their roof configuration solar panels would generate 42 kilowatt hours. The panels and installation would cost \$343,000. NYSERDA programs would reduce the costs by \$124,000. Therefore out-of-pocket costs would be \$219,000. The project would get a 30% tax credit for installation. Based on these figures the payback period would be 36 years. The life of the solar panels is estimated to be 30 years. This would be a savings of only \$5,000 a year in energy costs.

Mr. Marx commented that the County did a ROI study on the new county health department building and they found a 20 year payback period – this assumed rate increases and the new carbon credit costs. However, the configuration of the roof is different than the SHBC building.

Hotel Ithaca: Density Project: CIIP Form

Mr. Whitham gave an overview of the Hotel Ithaca project. It is currently being reviewed by the City of Ithaca and the City's CIIP program. It is anticipated that the project will come to the IDA as a Density Project. The hotel will be located on the downtown commons near Aurora and Green streets. They are shooting for site plan approval by the end of August. It will be a LEEDs building and is an architecturally peer reviewed building. Bob O'Brian of HOLT Architects is working on the project. There was a shadow study done of the building. The design concept was pulled from the gorges and Taughannock Falls. The next public hearing about the project will be on July 15, 2009 at the City's Planning Department meeting. It is hoped that it will go to Common Council on August 5th for CIIP approval.

Ms. Robertson asked about the cost increases for construction. This was because the original numbers did not include soft costs. Material costs have also gone up. Construction costs will be around \$20 million. Also the number of hotel rooms went from 100 to 130.

The project is Empire Zone certified and will be coming to the IDA for the standard Density Projection abatements in case the Empire Zone program falters.

It is possible that the Hotel Ithaca Density Application could come to the IDA as early as the August 7, 2009 meeting.

Cayuga Green Draft Letter Re: Rents

Mr. Furman asked if this discussion should be done during and Executive Session. Ms. Robertson commented that the topic has been discussed before in open session and that the PILOT is part of the public record.

Larry Baum moved to go into executive session to discuss a potential litigation. Jeff Furman seconded the motion. A vote was take and the motion failed. (Yay – Baum, Furman; Nay - Robertson, Cogan).

Ms. Robertson began the discussion by reviewing the memo provided by IDA Attorney, Mariette Geldenhuys. The first rents were taken in August 2008. Based on the PILOT agreement the abatement will begin with the 2009/2010 School tax year and the 2010 County and City tax year. Ms. Robertson noted that Ms. Geldenhuys' memo had different dates; this must be cleared up, as there are several provisions of the PILOT contract that depend on knowing when the agreement started.

Ms. Coggins stated that the assessment is mostly based on income. No information was received from the developer therefore she used the PILOT to base her assessment.

There is a need to clarify what “net rent” means. The PILOT is clear as to net rent. However, it seems Mr. Schon has another interpretation of net rent, and this must be settled.

Mr. Furman pointed out that that it is important to note that the developer is not providing requested information to neither the IDA Board nor the County Assessment Department.

Ms. Coggins pointed out that the square footage of the apartment building can include more than just the apartments. There are the common areas, hallways, stairways, and the ground floor. This would bring the square footage up to about 74,000 sf. And using the assumed rents this would give a net rent of \$12.96/ s.f. She also mentioned that this developer is not acting any differently than other developers or landlord in terms of providing information.

Mr. Furman asked Ms. Coggins how she determines the assessed value of a commercial building. Ms. Coggins stated that she requests information regarding occupancy and revenues for the property but does not necessarily take their information at face value. If it is difficult to acquire the information from a property owner, she can use her own assumptions and they may be high.

Ms. Cornish has spoken to the developer. He is using common areas in his calculations. He also believes information does not need to be submitted until after year 5.

Ms. Robertson pointed out that the rental rate restrictions starts in year 1.

Mr. Baum stated the information the IDA needs is the same general type of information required by the assessment office.

Mr. Bohn said that the commercial components of the project are not performing as well as the rental housing components. Ms. Robertson responded that the “look-back” provision regarding the project's return on investment was written to provide relief in case the overall project didn't meet financial

expectations. It was never intended that income from the apartments should cover losses in other parts of the project.

Ms. Robertson said she would like to review the project application. She would also like to discuss some of these issues with the IDA's attorney. The draft letter to the developer needs to be modified.

Ms. Robertson said she would like to review the project application. She would Also like to discuss some of these issues with the IDA's attorney. The draft letter to the developer needs to be modified.

Mr. Baum wondered what Ms. Coggins would do next. She is in the process of determining the new assessed value based on the fact that more of the project has been completed and occupied.

Mr. Cogan reminded the IDA that the assessment office cannot share all of the information it receives from the developer.

Mr. Furman suggested that any letter sent to the developer requesting information include a timeline for receipt of that information.

Mr. Stamm suggested we talk to a local rental housing developer to get their perspective on the definition of "net rent." He said he could bring in someone to the next IDA meeting.

Mr. Furman feels the IDA should move forward and that its current position is reasonable. Ms. Desarno noted that there is a long waiting list for the apartments. Mr. Furman stated that one could assume that a developer would increase rents if the demand were so high.

Mr. Cogan pointed out that the IDA's rental rate restrictions is similar to rent controls and may have unintended consequences.

Ms. Robertson commented that the IDA did not ask for any income qualifier restrictions.

AES Cayuga Update & Negotiating Team

Ms. Robertson notified the IDA that the working group that had negotiated the PILOT agreement with AES Cayuga would reconvene. She wanted to make sure the IDA was comfortable with the composition of that group. All agreed it was.

APPROVAL OF MINUTES

Larry Baum moved to approve the draft board meeting minutes from June 5, 2009. Dan Cogan seconded the motion. The motion passed.

Meeting adjourned at 5:15 PM