

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; no further action at this time.**

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

August 7, 2009

- Jeff Furman asked that the IDA review its current administrative fee policy at the next IDA meeting. **STATUS: Placed on September 4, 2009 Agenda.**
- A request was made to see in writing the 1993 Transonic Systems project's job commitments and actuals. **STATUS: To be provided at September 4, 2009 meeting.**

Tompkins County IDA Meeting Minutes
August 7, 2009
Scott Heyman (Old Jail) Conference Room
Ithaca, NY

Present: **Martha Robertson, Dan Cogan, Jeff Furman, Larry Baum, David Squires, Michael Koplinka-Loehr, Kathy Luz Herrera, Michael Sigler**

Excused:

Staff Present: **Michael Stamm, Heather Filiberto (recording), Mariette Geldenhuys**

Guests Present: **Russ Gaenzle (Harris Beach PLLC), Krisy Gashler (Ithaca Journal), Theresa Alt (resident), Liz Emig-Rosekrans (Transonic Systems), Bob Steinkamp (Downtown Ithaca Alliance), Nancy Webster (T.C. Workers Center), Pete Meyers (T.C. Workers Center), Nick Lawrie (resident), Nikki Saywer (T.C. Workers Center), Scott Whitham (Hotel Ithaca), Eldred Harris (ICSD Board of Education), Rob Ainsley (ICSD Board of Education)**

CALL TO ORDER Ms. Robertson called the meeting to order at 3:30 PM

ADDITIONS TO THE AGENDA

None.

PRIVILEGE OF THE FLOOR

Theresa Alt (resident) spoke in regards to the Hotel Ithaca project. She sat through the public hearings two years ago when the City of Ithaca process began. She is concerned about the agreement guaranteeing a living wage to housekeepers. She also stated that the space could be better used for housing.

Pete Meyers (T.C. Workers Center) spoke regarding the Hotel Ithaca project. He reminded the IDA Board of the City of Ithaca land sale agreement with the developer where the developer pledged to pay 156% of a living wage to housekeeping staff. This would be \$11.31 an hour for housekeepers. He was also concerned about property tax abatements.

Rob Ainsley (President, ICSD Board of Education) spoke on behalf of the IC School Board. The Board opposes property tax abatements for the Hotel Ithaca project. The School Board prefers the Empire Zone program incentives. However, he would like to see the project go forward.

BUSINESS

Nine Brown Road Refinance Resolution

Mariette Geldenhuys briefly introduced the resolution as a refinance on the existing project. Michael Stamm stated that the project has exceeded its job creation projection.

Larry Baum moved to authorize the Tompkins County Industrial Development Agency to execute all necessary documents in connection with a new mortgage to be obtained by Nine Brown Road Associates, LLC to pay off an existing mortgage and finance closing costs. Dan Cogan seconded the motion.

Kathy Luz Herrera asked about any IDA administrative fees being charged for this refinance. It was explained that the IDA's administrative fees were collected at the original closing.

A vote was taken on the motion: Dan Cogan (Yea), Michael Koplinka-Loehr (Yea), Larry Baum (Yea), Jeff Furman (Yea), Michael Sigler (Yea), Kathy Luz Herrera (Yea), Martha Robertson (Yea) – the motion passed.

TC3 Foundation Restructure Resolution

Russ Gaenzle explained that this resolution will allow restructure of indebtedness that will reduce interest rates on existing bonds. It will also allow them to lower their rates due to the Federal stimulus legislation.

It was moved to authorize the Tompkins County Industrial Development Agency to approve the execution of supplemental indentures, supplemental installment sale agreements, supplemental tax compliance agreements and related documents with respect to the 2001, 2006, and 2008 Tompkins Cortland Community College Foundation projects for the purpose of qualifying each series of bonds as “bank qualified bonds” under the internal revenue code and to provide for an additional interest rate mode payable on such bonds. The actions contemplated by this resolution in no way impair or impact the IDA's role in these transactions.

Kathy Luz Herrera asked if the IDA will get any additional administrative fees and what will the Foundation be saving?

Mr. Gaenzle stated the exact amount of savings to the Foundation is not yet known. There will not be any additional fees paid to the IDA.

A vote was taken on the motion: Dan Cogan (Yea), Michael Koplinka-Loehr (Yea), Larry Baum (abstained), Jeff Furman (Yea), Michael Sigler (Yea), Kathy Luz Herrera (Yea), Martha Robertson (Yea) – the motion passed.

Action Item

- Jeff Furman asked that the IDA review its current administrative fee policy at the next IDA meeting.

Hotel Ithaca Density Application

Mr. Stamm began the discussion by outlining the Density Application point system that determines the level of property tax abatements. He also stated that this meeting's discussion would focus on the point system. Another requirement of the IDA Density program is a third party financial review to see if the incentives are required. This review will be happening in the near future.

Mr. Furman asked if there has been any commitment by the empire zone in writing. What is the impact when an IDA approves a project that the empire zone has certified? He is concerned that the IDA's actions could influence the empire zone program.

Ms. Filiberto stated that the project is empire zone certified. This entitles them to 10 years of tax incentives. These incentives are written into NYS law. The project will get a credit for property taxes paid. This credit will probably be 100% for 7 years – starting in 2012. The project could also get a credit for hiring of employees – this is \$1500 per FTE for 5 years.

Mr. Furman asked for a formal agreement that states as long as empire zone benefits are in place that the project will not access certain IDA benefits. Ms. Geldenhuys commented that the closing documents will be structured to come into play only if the project is not eligible for empire zone benefits due to actions of the state. Mr. Gaenzle confirmed this.

Mr. Furman stated that he is concerned about setting a precedent. Ms. Luz Herrera stated that she too does not like setting this precedent – other projects may want to do the same.

Ms. Robertson stated that the IDA shouldn't evaluate a project based on empire zone benefits especially if a project meets the qualifications for IDA benefits on their own. Ms. Luz Herrera reiterated that it was discussed previously that empire zone benefits would preclude IDA benefits.

Mr. Stamm commented that the empire zone program was pursued by the county due to the program's better benefits. What has changed is the chaos in Albany. It is feared that the empire zone is going to disappear. Coming to the IDA as a back up is to mitigate the perceived risk to projects.

Mr. Cogan stated that he appreciates all the foregoing comments. However, he would like to discuss the project on its own merits. He does support hedging the risk while also sharing concerns about the effect on the empire zone program. Perhaps we should talk to the local representatives about this.

Mr. Sigler stated that he thinks this hotel project is not "industrial." As this is a high-end hotel, would they lower room rates and pass the savings to customers? Does this give this hotel an unfair advantage?

Ms. Robertson commented that the purpose of the Density program is to combat sprawl. Also the Downtown Hilton was a Density project.

Mr. Furman stated that he feels the community benefit list is a list of intents – he is looking for an agreement in writing with reporting mechanisms and penalties attached.

There was some question as to the school district impact. Mr. Baum stated that the impact on the school taxes would be less with the empire zone.

Mr. Stamm stated that without the IDA benefits there is a possibility that the project would not happen and that could be viewed as a negative impact on the school district.

Ms. Robertson stated that any abatements will begin with the project closing and that would most likely be when construction is complete in 2011 or 2012. This would increase the uncertainty of the empire zone benefits remaining.

Ms. Luz Herrera asked about the number of years of sales tax abatements. Ms. Filiberto commented that this should only be 1.5 years and not 10 years.

Ms. Robertson asked for an empire zone benefit statement and a revised application that fixes the sales tax information.

Mr. Baum commented that there are 31,000 room nights projected per year. He would like an average room rate to calculate the ROI. Also he noted that the project would benefit the CVB with increases to the room tax.

Mr. Furman brought up the livable wage issue. He wanted clarification of housekeepers vs. house attendants. It seems as if there are two sets of data. He would also like to see real commitments when it comes to the environment.

Mr. Koplinka-Loehr would like to see proof that the project would not go forward with out IDA benefits. Mr. Stamm stated that there will be a third party review to this effect.

A sub-committee of the IDA board should be formed to work on this process with the third party reviewer. Dan Cogan, Larry Baum, Jeff Furman and Martha Robertson volunteered.

Ms. Robertson would like to see a concrete document from TCAT as to what is happening with public transportation.

Mr. Sigler stated again that he does not think this is a project for the IDA.

Mr. Koplinka-Loehr would like to see the risk assessment to the developer. Perhaps a sales tax and mortgage recording tax abatement would be best at this time.

Mr. Furman wants to understand if the hotel restaurant would be a help or hindrance. He would also like the definition of what "housemen" do. And he would like the best guess as to when the hotel would open.

Ms. Luz Herrera would like more gender neutral names for job positions. She also commented on the number of projected local construction jobs to be created – only 25%.

Ms. Robertson asked if the meeting room could be rented by the public.

Transonic Systems Application

Ms. Filiberto introduced the application. This project is also Empire Zone certified. The application is for a couple of things. 1) Access to the tax-exempt bond market to finance the project and 2) the

standard IDA sales tax, mortgage recording tax, and property tax abatements. This would be the second project with Transonic Systems. An earlier PILOT was delivered in 1993. The company has done well and has exceeded job projections.

Liz Emig-Rosekrans, Transonic Systems, commented that the company is growing and has run out of space. They are committed to staying in Ithaca NY.

Mr. Furman commented that in their application they committed to paying a living wage. The numbers look low. It was mentioned that health care benefit costs are not reflected in the wage numbers, but are part of the AFCU living wage numbers. An updated application will be submitted that will clarify this question.

Ms. Luz Herrera stated that this looks like a great project.

Ms. Robertson commented that it looks like the company is doubling its space but only adding 20 jobs. Ms. Emig-Rosekrans stated that they are very crowded now, so new space will be used to ease crowding. Also they are adding a clean room which takes up a lot of space.

Action Item

- A request was made to see in writing the 1993 Transonic Systems project's job commitments and actuals.

Mr. Furman commented that it looks like their current diversity policy has not been successful. He would like to see better results. He suggested working with the Workforce Investment Board in developing a better policy.

Ms. Luz Herrera stated that the County has added "gender identification and expression" to its diversity policy and that perhaps the company would consider this as well.

Michael Sigler made a motion to move the project to the public hearing process. Larry Baum seconded the motion.

Ms. Luz Herrera stated that she likes the project, but will be voting against it due to the empire zone certification issues and the precedent it may set for future projects.

Mr. Stamm urged the board members to vote to move the project forward.

Mr. Furman stated that he would like to see information regarding the impact of the project also being empire zone certified.

Ms. Geldenhuys and Mr. Gaenzle both commented that moving the project to the public hearing stage is just ministerial due to the law. It is not an endorsement or approval of the project.

A vote was taken on the motion. The motion passed 5 Yeas (Robertson, Cogan, Baum, Sigler, Koplinka-Loehr), 2 Nays (Luz Herrera, Furman).

Administrative Director's Report

Mr. Stamm reported on the South Hill Business Campus project and job creation. It was projected that the project would create 120 new jobs. Of the actual 157 jobs (as of December 31, 2008), 73 are newly created jobs at companies that manufacture products. The remaining 84 jobs are related to not-for-project organizations or service related businesses that may have relocated to the business campus.

APPROVAL OF MINUTES

The July 10, 2009 minutes will be considered at the next meeting as the incorrect minutes were sent out with this meeting's packet.

Ms. Luz Herrera asked that any "absent" notations be changed to "excused."

Meeting adjourned at 5:30 PM