

Tompkins County IDA Meeting Minutes

ACTION ITEMS

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

- TCAD to study the IDA's competitive strengths and incentives. **STATUS: Ongoing.**

June 5, 2009

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

November 6, 2009

- Staff to develop a policy draft on benefits standards. **STATUS: Work with WIB who will survey IDA customers regarding benefits.**
- Staff to develop a policy draft on Empire Zone and non-property tax benefits. **STATUS: Ongoing.**

January 8, 2010

- Cayuga Green Apartment occupancy rates requested.

**Tompkins County IDA Meeting Minutes
February 24, 2010
Scott Heyman (Old Jail) Conference Room
Ithaca, NY**

Present: Martha Robertson, Dan Cogan, Larry Baum, Jeff Furman, Jim Dennis, Will Burbank, Nathan Shinagawa, David Squires

Excused:

Staff Present: Michael Stamm, Ina Arthur (recording), Heather Fililberto, Mariette Geldenhuys

Guests Present: Richard Schneider (Northeast Construction Services Inc.), Pat Pryor (TC Legislature), Jay Franklin (TC Assessment), Marsha Lynch (TC Public Information), Stacey Shackford (Ithaca Journal), Philly DeSarno, Carolyn Peterson (City of Ithaca), Jerry Goodenough (AES Cayuga), Dan Veaner (Lansing Star), Flaminia Cervesi, Sunit Lex Chutintaranond (Italthai), Gary Ferguson, Joseph Gaylord, Mack Travis, Peter Parkes (Downtown Ithaca Alliance), Josh Carey (WHCU), Michael Cannon (Tompkins Trust Company), Nels Bohn (IURA)

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

ADDITIONS TO THE AGENDA

PRIVILEGE OF THE FLOOR

Carolyn Peterson, Mayor of the City of Ithaca, spoke in favor of the Italthai project. She mentioned the importance of the project to the City of Ithaca as the project encompasses the City's focus on upper story building and sustainability of the downtown commons. The project is in a key location and would emphasize walking in downtown.

Gary Ferguson, Downtown Ithaca Alliance, spoke in favor of the Italthai project. The DIA lends its support to the Italthai project. It will redevelop the Plantation building on the commons and add office space and housing. This is a smaller CIIP project but is ideally suited to the City of Ithaca. The project meets the City goals of historic preservation and upper story development. He urged the board to move forward favorably.

Philly DeSarno, City of Ithaca, stated that the City Planning Board has met and endorsed this project.

Joseph Gaylord, President of the DIA and a local business owner, spoke about the Italthai project. Lex Chutintaranond is a successful business owner and will do the same with this project. The project would contribute greatly to other businesses on the commons.

Mack Travis spoke in favor of the Italthai project. As a past IDA Density project recipient, he is concerned that the project will not go forward without the incentives from the IDA. The project has a great local architect – HOLT Architects and a local general contractor – Northeast Construction. He urged the board to support the project.

Peter Parkes, Property owner on State Street and the owner of Benjamin Peters on the commons, spoke in favor of the Italthai project. Lex Chutintaranond would make a great neighbor.

Michael Cannon, Tompkins Trust Company and DIA Board member, spoke in favor of the Italthai project. Lex and Flaminia have created a lot of local jobs with their other restaurants. They are a local treasure and he endorses the project.

BUSINESS

AES Cayuga – Resolution to approve renegotiated PILOT agreement

Jerry Goodenough of AES Cayuga expressed his appreciation to the Town of Lansing, Lansing Central School District and the IDA Board for all their help and participation in the negotiation process of the revised PILOT agreement with AES Cayuga.

Martha Robertson thanked all for their comments and also the effort put forth by Pat Pryor.

Dan Cogan moved the resolution authorizing amendments to the Payment in Lieu of Tax Agreement between the Tompkins County Industrial Development Agency and AES Eastern Energy, L.P. Jim Dennis Seconded the motion.

Mr. Furman stated that he has two areas of concern. The first is with the process of developing the amendments and the second is with the results. He is not proposing litigation but if the amended PILOT is not approved by the IDA, he does not think it will immediately go to litigation. He feels that the evaluation process and issues surrounding the assessment is very complicated. He is not saying that the assessment is wrong, he just does not know.

Mr. Furman continued: His first problem is with the process. The school district was not part of the negotiation team even though they were invited to the meetings. The County controlled the negotiation team and also controls the IDA. The school district was not invited and has the most to lose. As a former school board member he looks closely at how IDA projects might impact school budgets. School budgets are decided by the public, not the school board. He feels that the negotiation team did not have any experts. There are many different methodologies in setting assessments. Was there due diligence by the negotiating team?

His second problem is with the results. Why when the assessment for AES Cayuga went up did it go up over a 5 year period and by only 20%? And then when it went down it was over a 4 year period and then went down by 50%?

Mr. Furman proposed that the board reject the new PILOT agreement and work out changes so that they are more equitable. Or if the resolution authorizing the new PILOT agreement passes, the school district

has asked that the changes be in equal increments. Or perhaps the school district could get \$15 million and then pay the County back over 3 years.

Mr. Shinagawa asked what would happen if the revised PILOT does not get approved? Ms. Geldenhuys stated that the existing provision/PILOT would still be intact.

Mr. Furman stated that he is not debating the assessed value of the property, just how the money would flow to the school district. He is also concerned that this has to be done by March 1, 2010.

Ms. Robertson stated that the Board had all the needed information as to timing and process when a vote was made to send the project to public hearing. The School district and the Town of Lansing were invited to all the meetings and were allowed seats at the negotiation table.

Mr. Dennis asked if the same process was followed for the first agreement?

Mr. Furman stated that the school and town did support the first agreement. The changes in the second agreement is what he is concerned with.

Ms. Robertson stated that the largest change in the assessed value is in the first year and the smallest is in the last two years. As to the question if these amounts went down in an equitable manner? It was literally a negotiation. There was evidence for other numbers. The team did its best for all. The assessed value is based on a number of things: the price of energy, the price of coal, the price of the carbon tax, the cost to produce energy. If the agreement were not approved, the next step would be mediation.

Ms. Geldenhuys commented that based on the current agreement a neutral party would help the two parties reach an agreement. This falls between mediation and non-binding arbitration. Then if nothing was agreed upon it could go to litigation. The time frame is also such that there is not time before March 1st to change the process.

Mr. Baum asked what happens if the agreement is approved?

Ms. Robertson stated that in June 2010 that the IDA will form a negotiation team and start the process again.

Mr. Baum stated that there are a lot of changes in energy production and the legislation governing it.

Mr. Goodenough stated that this business needs this process and when the negotiation process starts again he would like the school district to be at the table.

Mr. Dennis stated that if we go through this process again, then it is time to bring in our "experts." He also stated that he does not see how the school would have to be at the table since they do not make their own assessments.

Mr. Stamm commented that the IDA negotiating time did have its own expert – Steve Whicher, former county assessor.

Mr. Shinagawa stated that since the IDA just recently went through the negotiation for the first PILOT. There was a lot to build on for the second that did not need to be repeated.

Ms. Robertson commented that the process could be improved. She stated again that the school district was fully invited to the table and they did not object during the process.

Mr. Shinagawa stated that he would support the resolution as the team did come to an agreement. Also it will be looked at again soon.

Mr. Furman stated that this issue is with the County working with the schools. There should be a more equitable spread of taxes paid. The school district will have cash flow issues.

Jay Franklin, Assessment Department, stated that this process is to set a value, not how much money goes to whom.

Mr. Stamm stated that in order for different tax jurisdictions to get different shares of the tax revenues all the taxing authorities have to agree. The IDA does not have the authority to do this without their agreement.

Ms. Geldenhuys agreed that this PILOT only sets the assessed value.

A vote was taken on the resolution on the table. The motion passed 6 to 1 with Furman voting no.

Appointments of board officers and committees

Larry Baum nominated Dan Cogan as Vice Chair of the IDA Board. Will Burbank seconded the nomination. Approved unanimously.

Jim Dennis nominated Larry Baum as Secretary of the IDA Board. Nathan Shinagawa seconded the nomination. Approved unanimously.

Dan Cogan nominated Jeff Furman as Treasurer of the IDA Board. Will Burbank seconded the nomination. Approved unanimously.

The IDA Audit Committee members are: Jeff Furman, Chair, David Squires, and Dan Cogan
The IDA Governance Committee members are: Larry Baum, Chair, Jim Dennis and Jean McPheeters (non-IDA Board member).

Italthai – Density project application

Heather Filiberto introduced the project to the IDA Board. The project has gone through the CIIP process with the City of Ithaca and has been approved and recommended by the Mayor and Common Council. The next step for the IDA Board will be to move the project to a public hearing. She mentioned that the number of CIIP points has been reduced to 29.

Mr. Chutintaranond, developer of Italthai, thanked all who spoke in behalf of this project. The project will cost \$3 million. They have received a \$900,000 grant with help from the IURA. They are also

looking to receive \$500,000 in tax credits. There will also be personal finances from the developer and his wife put into the project. He is coming to the IDA for help in the form of property tax abatements.

Mr. Chutintaranond stated that they have been in the Ithaca area since 1989. They are not a large business, but over the last 20 years have employed over 1000 people.

Jim Dennis moved to have the project go to Public Hearing. Nathan Shinagawa seconded the motion.

Mr. Burbank commented that he is happy about the low to moderate housing built into the project. What guidelines will be followed? Mr. Chutintaranond stated that the guidelines set out by the IURA will be followed. Nels Bohn, IURA, commented during the affordability period, households occupying the two covered affordable units shall qualify as low- and moderate-income households earning less than 80% of the area median income adjusted for family size, also known as the Section 8 income limits issued annually by the U.S. Department of Housing & Urban Development

Following are the applicable 2009 Section 8 income limits for Ithaca:

Size	Income Limit
1 person	\$40,200
2 person	\$45,950
3 person	\$51,700
4 person	\$57,450

Additionally, tenants of covered units shall not be related to members/principals of the Borrower.

Throughout the affordability period, rents of the two covered affordability units shall not exceed applicable Fair Market Rents (FMR), including utilities, as established annually by the U.S. Department of Housing & Urban Development

Dan Cogan moved to waive the 3rd party review requirement for the ItalThai project. Larry Baum seconded the motion. Yes (Baum, Dennis, Cogan), No (Robertson, Shinagawa, Burbank, Furman). The motion failed.

Nathan Shinagawa moved to require the 3rd party review as long as it can be accomplished by March 26, 2010. Jim Dennis seconded the motion. The motion passed unanimously.

Nathan Shinagawa and Larry Baum were appointed to the committee to develop the scope of the study and to hire a third party reviewer.

A vote was taken on moving the project to public hearing. The motion passed unanimously.

Emerson Power Transmission – Resolution to authorize conveyance of title

Will Burbank moved the Resolution authorizing the Tompkins County Industrial Development Agency to execute all necessary documents in connection with the reconveyance of a the premises and improvements known as 620 South Aurora Street in the City of Ithaca, County of Tompkins

and State of New York (City of Ithaca tax parcel number 106.-1-8) to Emerson Power Transmission Corp. prior to the expiration of the Installment Sale Agreement and Payment-in-Lieu-of-Tax Agreement between the parties. Larry Baum seconded the motion. The motion passed unanimously.

ADMINISTRATIVE DIRECTOR'S REPORT

Time did not allow for this report.

APPROVAL OF MINUTES

Larry Baum moved to approve the meeting minutes from the January 12, 2010 IDA Board meeting. Jeff Furman seconded the motion. The motion passed unanimously.

Jim Dennis moved to adjourn the meeting. Larry Baum seconded the motion. The motion passed unanimously.

Meeting adjourned at 6:00 PM