

**Tompkins County IDA Meeting Minutes
September 10, 2010
Scott Heyman (Old Jail) Conference Room
Ithaca, NY**

Present: Martha Robertson, Dan Cogan, Will Burbank, Jeff Furman, Jim Dennis, Ed Marx

Excused: Larry Baum, Nathan Shinagawa

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

Guests Present: Krisy Gashler (Ithaca Journal), Nels Bohn (IURA), Douglas Tesoriero (Cortland Produce), Irene, Angelo (Tony), and John Petito (First and Adams)

CALL TO ORDER Ms. Robertson called the meeting to order at 3:50 PM.

ADDITIONS TO THE AGENDA None

PRIVILEGE OF THE FLOOR None

BUSINESS

Cortland Produce

Ms. Filiberto introduced the project. Cortland Produce has been looking for a larger space in order to expand. The old Ithaca Produce building has been vacant and would be a perfect fit for the company. Cortland Produce would like to assume the existing PILOT that Ithaca Produce has with the TCIDA. This project would reconfigure the inside of the building. They would be moving existing employees to this site and would also be hiring Ithaca Produce employees.

Doug Tesoriero, Cortland Produce, stated that the company is a family business, in the fifth generation. They have outgrown their current space in Cortland. Also, their current building is an old building located in a residentially zoned area. They did look for space in Cortland without success. They also considered building a new building. This option would be very costly. The old Ithaca Produce building is perfect for their company. They are a very conservative company and will wait on actually expanding the building.

Mr. Furman stated that he would like a written statement from Cortland indicated that they are aware and agreeable to the move of Cortland Produce to Tompkins County.

Mr. Tesoriero stated that Cortland Produce is a wholesale food business. They provide produce, frozen foods and other items to independent restaurants. They are also looking to provide local produce as this is what their consumers want.

Mr. Furman asked is Regional Access is a competitor? They are a little but they provide different products.

Mr. Burbank asked if Ithaca Produce had been a competitor? Yes, they were, but they had a different target market. Mr. Stamm commented that Ithaca Produce had based its expansion on the hopes of getting a contract with a chain restaurant. This did not come to fruition.

Mr. Burbank asked if their move is critical? Yes, it is critical and they will probably still move forward with the project even without the PILOT.

Mr. Furman asked about the debt and taxes owed by Ithaca Produce. Would these be assumed?

Ms. Geldenhuys commented that Ithaca Produce is in bankruptcy and this question is being researched.

Mr. Furman asked about future PILOTs and how to deal with this. Ms. Geldenhuys said that the IDA can terminate the lease and put the property back on the tax rolls. It is complex.

Mr. Dennis asked if the County is liable for the taxes owed to the school district? Mr. Stamm stated that he will research that.

Ms. Robertson stated that Cortland Produce is a different company and would not be liable for Ithaca Produce's debt. In terms of the IDA's claw back policy, there is nothing to claw back as the company is dissolved and bankrupt.

Mr. Marx stated that there is an outstanding loan with Ithaca Produce from the County. Also there is a disagreement with Elmira Savings bank who holds the first and third mortgage on the building. He would like to see that resolved before the building is sold.

Ms. Geldenhuys stated that the building is in bankruptcy court and will research this.

Ms. Robertson stated that she wants to make sure the Cortland Produce does not get caught up in this disagreement.

Ms. Filiberto commented that Elmira Savings is owed over \$1 million for the building and the building is being sold for \$720,000.

Mr. Burbank asked why the company would want to assume the existing PILOT instead of having a new one? Mr. Stamm stated that it would not really be assuming the existing PILOT. It would be a new one with a new company with the same percentages of property tax abatements over the next few years.

Mr. Furman asked how the jobs would be calculated. He would like to see the number of Ithaca Produce hires, the number of Cortland Produce employees that are moved over and any new employee positions created.

Mr. Tesoriero stated that they have already hired two Ithaca Produce employees.

Ms. Robertson stated that she would like to see them promote using local foods.

Mr. Furman stated that he would like to see the diversity/minority plan and where they will advertise for new hires. Mr. Tesoriero stated that he is interested in working with the Workforce Investment Board on this.

Ms. Geldenhuys asked who is handling the transaction? The company is working with Elmira Savings bank. While the company, Ithaca Produce, is bankrupt, the Cutias and Ithaca Properties (owners of the building) are not yet bankrupt.

Ms. Robertson stated that she noticed that there are only health benefits for upper management positions.

Mr. Tesoriero stated that the company did research and presented a health plan to the employees. Current employees are either covered by spouses or did not want to pay the employee contributions.

Ms. Robertson asked to see who is not covered by health insurance. Mr. Dennis also would like to know what the employee contribution would have been. Mr. Tesoriero stated that he was disappointed that the employees did not take advantage of the health insurance plan.

Mr. Furman stated that he would like to see what the company paid in Cortland for property taxes.

Mr. Burbank asked about the current building in Cortland. What will be done with it? Mr. Tesoriero stated that it will be a challenge to sell.

Dan Cogan moved to have the Cortland Produce project moved to the public hearing stage. Jim Dennis seconded the motion. The motion passed unanimously.

First & Adams/Neighborhood Pride

Ms. Filiberto introduced the project. This is a project that will renovate the old P&C grocery store on Hancock Street. The City of Ithaca Common Council will be considering a resolution of support on October 16, 2010. While this is a commercial/retail project it will be providing a needed service to a distressed neighborhood.

Angelo (Tony) Petito gave a history of the property. Originally the building was an A&P grocery store. There was a fire that destroyed the building. They rebuilt the building for A&P and then P&C Grocery became the tenants. P&C went bankrupt earlier this year. They have tried to lease to other grocery operators. Now they have decided to run the grocery store themselves. As they worked on the plan, the store got larger and costs went up. There was a survey done in the neighborhood and residents would like a coffee shop and a deli. They are coming to the IDA for help with the project. They are using local contactors.

Ms. Filiberto stated that the project is only looking for sales tax abatements and the partial mortgage recording tax abatement.

Ms. Robertson stated that she is glad to see this project going forward.

John Petito shared drawings of the store. The store will use 19,000 s.f. and they will rent 6,000 s.f.

Mr. Petito stated that the store will feature: Organic produce, regular produce, a deli, healthy food choices, and ethnic foods. The decision has been made that no tobacco products will be sold at the store. They are also trying to have local meats and products/produce at the store.

Mr. Furman stated that he is very happy with the project.

Mr. Bohn stated that the City of Ithaca and the Mayor also support this project.

Ms. Robertson asked if there is an IDA policy issue with this project. Ms. Filiberto stated that it does fit in to the policy as follows: The project is a critical part of a larger, planned development; and will be endorsed by the appropriate municipal government; and is located in a highly distressed area, makes available goods or services not reasonably accessible, and preserves permanent jobs.

Mr. Burbank commented that there is a need to note that there would be competition in the county and this is a retail project.

Mr. Petito commented that they have talked about hiring former P&C employees. They are also looking at insurance, a 401k program, and vacation/sick leave for employees.

Dan Cogan moved to send the First & Adams project to the public hearing stage. Jeff Furman seconded the motion. The motion passed unanimously.

Cayuga Green Apartments

Ms. Robertson stated that Ken Schon, developer of Cayuga Green Apartments, was supposed to have provided requested information by now to the IDA Board. The last meeting was on July 9, and at that meeting Mr. Schon promised the information within a few weeks.

Ms. Geldenhuys commented that she did receive an email from Mr. Schon stating that he would have his attorney review the information and contact her. She did receive an email from Anne Riley, the attorney one week ago, who asked for a copy of the PILOT agreement and also asked for some time to “get up to speed” on the project.

Mr. Dennis asked what the consequences for non-action would be.

Ms. Geldenhuys stated that the PILOT provides for a review in year four of the PILOT. But there is nothing we can do to impel the developer to provide information before that.

Mr. Furman stated that what the board is focusing on are the rents being charged versus what was expected and outlined in the PILOT. This could be seen as a breach of contract.

Ms. Robertson stated that, in addition, the developer changed the size of the apartments as identified in the PILOT agreement, which affects how the rents would be calculated.

Mr. Dennis stated that if there is tax abatement on the project, there must be a way to get the information. People are paying the rent and must be happy or they would not be there. Some feel they are getting a deal for such apartments. But as a public entity, we need to do something.

Mr. Cogan stated that the board could file a lawsuit to get the information.

Ms. Geldenhuys stated that his actions could be a violation of the PILOT or breach of contract. We need to think this through and see if this is the way the board would like to go.

Ms. Robertson wants to know what the legal options are.

Mr. Furman stated that he would support pushing the legal issue.

Ms. Geldenhuys asked for guidance as to the direction she would take when talking to the developer's attorney.

Mr. Furman suggested a resolution that would instruct Ms. Geldenhuys to get the information as soon as possible.

Ms. Robertson stated that the developer is out of compliance. If he has a waiting list for the apartments, it seems he does not need abatement.

Jeff Furman moved that it hereby be resolved that the TCIDA requests that its attorney proceed with obtaining information regarding apartment rents as requested in the July 9, 2010 meeting minutes and to advise the board about legal action. Jim Dennis seconded the motion. The motion passed unanimously.

ADMINISTRATIVE DIRECTOR'S REPORT

Mr. Stamm stated that in the interest of time and because a number of board members are absent, he will send out the 2009 Jobs Report to those board members who are not present and then discuss the report at the next TCIDA Board meeting.

APPROVAL OF MINUTES

Dan Cogan moved to approve the TCIDA Board Meeting Minutes from July 9, 2010. Will Burbank seconded the motion.

Martha Robertson had some amendments. Those amendments were accepted as friendly to the motion.

The motion passed unanimously.

Meeting adjourned at 5:30 PM