

**Tompkins County Industrial Development Agency
Board of Directors Meeting Approved Minutes
July 9, 2015
Tompkins County Legislative Offices
121 E. Court Street, Ithaca, NY**

Present: Jim Dennis, Will Burbank, Svante Myrick, Jennifer Tavares, Martha Robertson, Nathan Shinagawa

Excused: Grace Chiang

Staff Present: Heather McDaniel, Martha Armstrong, Mariette Geldenhuys, Ina Arthur (recording), Marybeth Frantz (Harris Beach)

Guest Present: Greg Hartz, Greg Wilder (Tompkins Trust Company), Irene Weiser, Brian Noteboom, Stacey Black, Alex Huland, Marcus Williamee, Philly DeSarno

CALL TO ORDER The meeting was called to order at 4:15 PM

PRIVILEGE OF THE FLOOR

Alex Huland (Town of Ithaca) Mr. Huland spoke regarding the local labor policy discussions. He is an apprentice in a local union and has been unemployed for most of 2015. He lives in Tompkins County and would like to remain here. He would not like to sell his house. He feels that apprentice programs are important in order to ensure safe working conditions. He feels that taxpayer subsidized businesses should pay for and hire local labor.

Irene Weiser – Ms. Weiser spoke regarding the Tompkins Trust Company application. She feels that the company is a good corporate citizen but feels that the company should have more of a commitment to using local labor. Using non-local labor companies sends money out of the community. She feels that if a company commits to using local labor that perhaps more than a 10-year PILOT agreement could be offered. This would send a message and raise the bar. She also requested that future public hearing notices be accompanied by a press release so that the local media would publish information about them beyond the usual legal notice in the Ithaca Journal (and the IDA website).

BUSINESS

Tompkins Trust Company – Final Approval

Jim Dennis moved the inducement resolution granting the Tompkins Trust Company application for final approval. Jennifer Tavares seconded the motion.

The minutes of the public hearing were distributed to the board. Also an addendum to the application which clarifies the “retail” portion of the building to be only on one floor, was also distributed.

Mr. Hartz from the Tompkins Trust Company spoke to the statement of financial need and the various studies that were done to support the request for the enhanced PILOT agreement (10-years vs. 7-years). The company used the same consultant that Cornell University used when planning it’s New York City campus. The consultant studied the consolidation alternatives to building in the City core vs. at a rural site and the costs associated with both options over 20 years. The consultant also studied the cost of actually constructing downtown vs out of town. HOLT architects did a similar assessment of cost differentials. Both came up with similar numbers as to the cost of construction - \$3M more to build downtown. The long-term occupancy costs were found to be four times less in a rural site.

Ms. Robertson asked for clarification. Mr. Hartz stated that these are the long-term occupancy costs over 10-20 years – costs for building lease, upkeep, parking, etc. It basically comes down to whether you build or lease, it is four times more expensive to have a building in the City than outside of the City.

Mr. Burbank asked about the use of local labor during the construction of the building. Mr. Hartz commented that they are currently drafting the documents to send them out to bid to potential developers. The document contains a request to use local labor when possible, but it is not a condition. He does not want to tie the hands of the contractors and thus impede the building project.

Mr. Burbank asked if the use of local labor could be tied to granting the enhanced abatement. Ms. Geldenhuys stated that there are no clear guidelines to allow this link.

The enhanced abatement would increase the normal 7-year PILOT time frame to a 10-year PILOT beginning at 100% abatement of property taxes and decreasing over 10 years in equal increments.

Mr. Burbank also asked about the use of heat pumps and other energy sources of the new building. Mr. Hartz stated that the drawings for the building are still being done and the meeting relating to this topic requested by a public citizen with the architect/engineer has not yet happened.

A vote was taken on the resolution. The motion passed unanimously.

Kaida/Global Phoenix Resolution – approval of parking lot

Ms. McDaniel outlined a resolution authorizing the Global Phoenix (Kaida) IDA project to build a parking lot at their building site. The building has been partially leased and there is a need to increase the parking.

Jim Dennis moved to approve the resolution regarding authorization of building a parking lot by the Kaida/Global Phoenix project. Will Burbank seconded the motion. The motion passed unanimously.

TCIDA Policy and Procedures Update Recommendation

Ms. McDaniel reviewed changes to the TCIDA Policy and Procedures (UTEP) document as well as changes to the TCIDA Recapture Policy. These changes are a result of recommendations we anticipate from the State Comptrollers Office audit of the IDA. In addition to these updates, the definition of eligible projects was aligned with current NYS regulations.

TCIDA Mission, Policies, and Procedures

Policies. B. Fees - Changes to the fee structure so that lower cost projects receive a reduction in fees rather than a reimbursement through property tax credits. The reimbursement through property tax credits happened so rarely (because there are so few projects in that low cost range) that it was confusing for taxing jurisdictions to apply the credit over multiple years.

TCIDA Economic Incentive Recapture Policy

Recapture Provisions 3 & 4 – added language outlining a process whereby companies that do not meet job creation goals as reported on the annual jobs report each year are contacted and reasons for failure to meet goals are communicated to the IDA. The IDA shall then determine, by a vote if recapture of incentives is necessary.

PILOT Payment Verification Process

The auditors found one instance where the abatement percentage was applied incorrectly by one of the taxing jurisdictions one year, and as a result the payment was incorrect. TCIDA staff met with Helen Beach (County Finance) and Jay Franklin (County Assessment) to better understand the process for billing PILOT projects and we agreed to institute an additional step as a check and balance to ensure that this does not happen in the future. Each year, Helen Beach will cross check the actual assessment and the abatement amounts per the PILOT schedule against the actual tax bills sent by the taxing jurisdictions. She will forward the spreadsheets with this data to TCIDA staff for review each year in August for the previous year.

Process to ensure accuracy of abatement estimates on applications

After a project is completed and fully assessed, staff will compare the actual assessed value and resulting tax payments and abatement amounts to the estimates included in the application. Verifications will be reported to the IDA and will also help guide future project tax payment and abatement estimates.

Martha Robertson moved to approve the proposed changes to the TCIDA Uniform Tax Exemption Policy (UTEF) and the TCIDA Recapture Policy. Jim Dennis seconded the motion. The motion passed unanimously.

STAFF REPORT

Ms. McDaniel reported that the OSC Draft Audit of the TCIDA has been received. The IDA will have 30 days to respond. The IDA can also develop a corrective action plan if it so chooses.

Ms. McDaniel reported that the local labor subcommittee has talked with some general contractors about the bidding process. Two more meetings of the subcommittee will be set up. The first will be to talk with representatives from local labor unions and the second will be to discuss the information received from the general contractors. It is the hope of the subcommittee to have a policy recommendation to the full board by October.

Mr. Dennis reported that the City has set up its committee to review the current CIITAP policy. It is the hope of that committee to have recommendations on any changes by November.

Ms. McDaniel also reported that the TCIDA and TCDC websites have been updated.

Mr. Burbank thanked all for their hard work on the websites. He hopes that applications can be posted as soon as possible and that a link from the public hearing notice to the application can be made.

Will Burbank made a motion to set up a moratorium on any new project approvals pending the CIITAP policy discussion and pending the TCIDA Local Labor policy discussion. Martha Robertson seconded the motion.

Mr. Dennis commented that the process with this motion troubles him. Any motions or discussions should be added to the agenda at the beginning of the meeting. This was not done.

Ms. Geldenhuys commented that exact procedures are not clear at this time.

Mr. Burbank commented that he feels while there are good efforts being made on reviewing the CIITAP and IDA Local Labor Policy, things are taking too long. His hope is that a moratorium will speed things up.

Mr. Myrick stated a moratorium is more than just a way to pause. It stops things dead in their tracks. He feels that a moratorium should be used only if it is felt that the current policy is bad or would be worse than a potentially new policy. This could stop potential projects completely due to the delicate nature of planning and financing. He gave the example of the Collegetown building moratorium – this stopped growth in that area. He will not support this motion.

Ms. Robertson stated that she would support the motion. Currently there are no new IDA applications, so she feels it is a good time for this action.

Ms. Robertson disclosed that during her US Congressional Campaign, she did receive contributions from the Union Labor Organizations.

Ms. Tavares commented that local labor is not just union labor. She is concerned that the IDA, which is an economic development agency, will stop doing its job. This goes back to businesses having rights to make their own decisions as to who they use to build their buildings. She agrees with Mr. Myrick that this moratorium will affect future projects that are beginning to look at planning and financing.

Ms. Geldenhuys commented that she would like to have some time to research the issue. This is central to the IDA's mission and to decide to stop the process could have legal consequences. There is also a concern that there has been no notice to the public about this or a public hearing.

Mr. Shinagawa commented that he does not feel that this issue is central to the IDA's mission. There should be a defined amount of time for the moratorium. He asked if there were any projects "in the works" that would be coming to the IDA soon. Ms. McDaniel commented that there are two getting ready.

Ms. Robertson suggested withdrawing the motion on the table and coming back to the August 13th IDA meeting with this as an agenda item with a resolution.

Mr. Burbank as the one who made the motion agreed to withdraw his motion. He asked that this topic be put on the August IDA agenda for consideration.

Follow up to 2014 Job Report – Executive Session

Martha Robertson moved to take the meeting into Executive Session to consider a follow up to the 2014 Job Report and employment numbers. Will Burbank seconded the motion. The motion passed unanimously.

Jim Dennis moved to take the meeting out of Executive Session. Martha Robertson seconded the motion. The motion passed unanimously.

Jim Dennis moved to accept the Follow Up Report to the 2014 Job Report and not to begin recapture procedures on the companies that did not meet their

goals. Martha Robertson seconded the motion. The motion passed unanimously.

MINUTES

Martha Robertson moved to approved the minutes from the June 11, 2015 TCIDA Board meeting. Nathan Shinagawa seconded the motion. The motion passed unanimously.

The meeting was adjourned at 5:55 pm

Minutes were approved at August 13, 2015 Board meeting.