

***Tompkins County***  
***Industrial Development Agency***  
**Industrial Application for Incentives**

**Applicant Information**

Name of Company/Applicant: Arrowhead Ventures, LLC	
Address: 40 Catherwood Road	
City/State/ZIP: Ithaca, NY 14850	
Primary Contact: Eric Goetzmann	
Phone: (315) 415-3808	Fax: (315) 685-6365
Email: <a href="mailto:egoetzmann@triaxgroup.com">egoetzmann@triaxgroup.com</a>	

Applicant Attorney: Daniel Shulman, Esquire / Shulman, Curtin, Grundner & Regan, P.C.	
Address: 250 South Clinton Street, Suite 502	
City/State/ZIP: Syracuse, NY 13202	
Primary Contact: Daniel Shulman	
Phone: (315) 424-8944 xt 22	Fax: (315) 424-8205
Email: <a href="mailto:dshulman@shulmanlawpc.com">dshulman@shulmanlawpc.com</a>	

Applicant Accountant: DiMarco, Abiusi & Pascarella CPA's, P.C.	
Address: Thornwood Corporate Center, 15 Thornwood Drive, Suite 3	
City/State/ZIP: Ithaca, NY 14850	
Primary Contact: Carl Greco	
Phone: (607) 266-0182	Fax: (607) 266-0195
Email: <a href="mailto:cgreco@dimarcocpa.com">cgreco@dimarcocpa.com</a>	

Applicant Engineer/Architect (if known): Holmes, King, Kallquist & Associates / Dal Pos Architects, LLC	
Address: 575 North Salina Street / 101 North Clinton Street, Suite 300	
City/State/ZIP: Syracuse, NY 13208 / Syracuse, NY 13202	
Primary Contact: Leif Kallquist / James Miller, Jr.	
Phone: (315) 476-8371 / (315) 422-0201	Fax (315) 476-5420 / (315) 422- 0776
Email: <a href="mailto:lgk@hkkarchitects.com">lgk@hkkarchitects.com</a> / <a href="mailto:jrm@dalpos.com">jrm@dalpos.com</a>	

Applicant Contractor (if known): Construction Manager: Bold & Associates	
Address: 7366 Wyers Point Road	
City/State/ZIP: Ovid, NY 14521	
Primary Contact: James Bold	
Phone: (607) 351-3457	Fax:
Email: jamesmbold@yahoo.com	

**Business History**

Year Company was Founded: 2005 (applicant formed 2001)

<p>Product or Service: The applicant is a real estate developer and property manager. It's founder, Eric Goetzmann, has over 25 years of business and finance experience and began real estate development and property management over 13 years ago.</p>
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<p>Major Customers: Pyramid Mall of Ithaca / Shops at Ithaca Mall -- The mall owners hired the applicant (through the applicant's sister company, Triax Management) to manage The Shops at Ithaca Mall in 2005. Eric Goetzmann had been instrumental in the redevelopment efforts of that mall that began in 1998. He has been responsible for over 300,000 square feet of new construction, including Regal, Best Buy, Borders, Dick's Sporting Goods and Target.</p> <p><i>The IDA avoids offering incentives to businesses that will compete with or displace existing Tompkins County businesses.</i></p>
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<p>Major Suppliers:  Bold &amp; Associates, various local contractors for construction, NYSEG</p>
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Who are your major competitors in Tompkins County? unknown, there are many real estate companies

Has your business ever received incentives tied to job creation from local governments in New York State?  
     Yes   X   No

If Yes, were the goals met?      Yes      No

If No, why were goals not met?           n/a

Business Profit History. Please supply in spreadsheet format five (5) years of Past History and Three (3) years future projections.

Years	Historical					Projected		
	1	2	3	4	5	1	2	3
Revenues								
		Not Applicable						
Profits								

**Project Description**

Please give a brief narrative description of the project.

The project is a mixed-use real estate development in the Village of Lansing, consisting of three major components: 12 senior housing residential units, a reclaimed wetland expanded and converted into a bird habitat and an BJ’s Wholesale Club.

The housing is designed to meet one of the many needs identified in the County's housing study and to clean-up the gateway to the Village of Lansing. The land had been used as a dumping site for local contractors for the past 35 years and has been a difficult site to develop.

The bird habitat is the transition that will separate the commercial aspect of this project from the new residential senior housing. This enables the developer to change commercial low traffic property into a use that will only allow residential senior housing.

BJ’s Wholesale Club will bring a national, super-regional draw retailer to the County, serving a retail need not currently in the market but which is currently being served by nearby counties. The applicant has been successful in convincing the tenant to locate at this site as opposed to Chemung County where it was considering a new store.

Location: Village of Lansing, North of The Shops at Ithaca Mall

Property size (acres) – both existing and proposed: Approximately 11 Acres

Building size (square feet) – both existing and proposed: ~86,000 sq ft retail, ~15,000 sq ft of residential

Proposed project start and completion dates: As soon as possible, approximately 18 months

What types of green building practices do you plan to use, if any? Applying green building principles, which will include energy efficient appliances and designs. We are currently exploring the application of geothermal HVAC and solar energy to the residential units.

Do you certify that the project will not result in the relocation of all or part of any business or jobs from within New York State to Tompkins County? X Yes      No

**Occupancy**

List the name(s), nature of business of proposed tenant(s), and percentage of total square footage to be used for each tenant (Additional sheets may be attached if necessary).

Retail -- approximately 86,000 square feet, BJ's Wholesale Club  
Residential -- 12 units of approximately 1,250 square feet each, senior housing

**Project Costs**

	<u>Amount</u>
Value of land to be acquired (if any):	_____
Value of building to be acquired (if any):	_____
Cost of New Construction:	_____
Value of improvements to existing building:	_____
Value of equipment to be acquired:	_____
Other:	_____
TOTAL	\$ <u>~\$13-14 million</u>

**Financing**

Amount of anticipated financing from a lending institution \$ ~ \$10 million

*(Please note: the applicant must inform the TCIDA at the time of issuance of commitment letter if the financing will exceed the amount stated here.)*

**Value of Incentives**

Property tax abatement

*Please attach a separate sheet detailing applicant's proposed schedule of property tax abatement by year (year 1 – 7) and for each taxing jurisdiction with assumptions clearly noted e.g. existing taxes, tax rate. assessment value.*

Assumptions	
\$xxx,xxx	value of new assessment
4%	annual increase in assessment and tax rate
\$x,xxx	existing taxes

Year	New Taxes paid \$xx,xxx				Taxes Abated \$xx,xxx			
	County	School	City/Town	Village	County	School	City/Town	Village
1								
2								
3								
4								
5								
6								
7								
See Attached								

Totals

Value of Sales Tax Abatement: \$ \_\_\_\_\_

Estimated length of Sales Tax Abatement: \_\_\_\_\_

Estimated value of abatement for facility construction including information on assumptions used in calculations: \_\_\_\_\_

Estimated value of abatement for furniture, fixtures and equipment including information on assumptions used in calculations: \_\_\_\_\_

Mortgage Recording Tax Abatement: \$ \_\_\_\_\_

Other government incentives or support include summary of program, name of contact person and terms and conditions of program: possible use of Recovery Zone private activity bond allocation to provide tax exempt financing for the PIF

## **Need for Incentives**

If the applicant is requesting incentives that are greater than the IDA's Standard Policies, please include a detailed justification for this provision.

This is a unique project with very specific set of facts and circumstances. The applicant has secured the commitment from a major national retailer with super-regional draw to locate a new store in the Village of Lansing, filling a use that is currently not served in the County (but is being served in neighboring counties). This tenant, on average, generates more than \$40 million out of a store this size. These sales are currently going out of the County to Onondaga and Cayuga Counties, along with sales at other retailers when consumers travel to these other Counties to do their shopping. However, due to Village of Lansing and zoning requirements, the applicant is not able to deliver a store to this tenant unless applicant also undertakes to build 12 senior housing residential units and a bird habitat on this low traffic commercial property, pursuant to the Planned Development Area law adopted by the Village of Lansing consistent with its long range plan. Due to the difficulty in developing this land, the cost of the land (since it is commercial property), and the associated infrastructure and site work required, it is economically not feasible for either an equity owner to fund this project (with a negative return on the residential construction for more than 30 years) and no lender will fund a loan for the amount that would be required. The Village's conditions cost at least an additional \$3 million to the overall project, not including the lost opportunity cost of converting commercial property to residential. The 11+ acres are currently undeveloped, an eyesore, and generates less than \$30,000 to the local economy. By enabling a "PILOT Increment Financing" (or "PIF"), the municipalities have the ability to use the foregone "incremental" tax amount as debt service for an additional financing to offset a portion of the increased cost of this project (e.g. a "PIF"). By doing this, the municipalities will enable senior housing to be built, and the generation of sales tax revenues for the communities that far exceed the foregone property taxes. Plus, the proposed structure bring immediately additional property tax revenues to the communities. Without the IDA's support on this PIF, the tenant will not build a new store in this County, will build elsewhere, and the property will remain undeveloped as it has for the past 30+ years (and thus the communities will continue to receive the low level of property taxes on this undeveloped land, nothing more). Furthermore, this tenant employs roughly 70 new jobs. The County also has a \$2.3 million allocation of Recovery Zone Facilities Bonds that could be used to provide tax-exempt status to this PIF financing, increasing the efficiency of the financing vehicle. It should also be noted that the senior housing will not put any additional burden on the school districts and the project will leverage the existing infrastructure in place for the Shops at Ithaca Mall, thus not causing any burden on the local infrastructure.

**Employment Information** (please note that during the course of the abatement you will be required to provide employment information annually.)

Please provide a description of the benefits that you offer to your employees.

The employment opportunities for this project are largely with the retail tenant, who will employ approximately 70 people at this location. During construction, the project will create approximately 170 construction jobs which will include local contractors.

Please provide a description of internal training and advancement opportunities offered to your employees.

The employment opportunities for this project are largely with the retail tenant, who will employ approximately 70 people at this location.

What percentages of your current positions do women occupy? unknown

What percentages of your current positions do minorities occupy? unknown

Are you willing to pay a livable wage as defined by the Alternatives Federal Credit Union (AFCU) of Ithaca, NY (see attached) to all employees for the duration of the abatements?

     Yes ?? No We are not the retailer employing the jobs

Do you have a strategy for ensuring diversity in hiring?      Yes ?? No  
We are not the retailer employing the jobs

If yes, please describe.

Please provide your Employment Plan

We are not the retailer employing the jobs

Permanent Occupations in Company	Current Permanent Full-Time Jobs by Occupation		Projection of New Permanent Full-Time Jobs			
	Annual Salary Ranges/ Hourly Wage	Number of Employees	Year 1	Year 2	Year 3	New Jobs
Professional:						
Clerical:						
Sales:						
Services:						
Construction:						
Manufacturing:						
Skilled:						
Semi-Skilled:						
Unskilled:						
Other (Describe):						
<b>Total:</b>						

**Construction Labor**

Will you use contractors who:

Have a certified apprenticeship program    Yes \_\_\_ No \_\_\_

Pay a prevailing wage    Yes \_\_\_ No \_\_\_

Use local labor    Yes \_\_\_ No \_\_\_

Construction bids not yet finalized

**Environmental Review**



*Environmental Assessment Form – short or long*

Submitted to: Village of Lansing

Agency name: Board of Trustees

Agency address: 2405 North Triphammer Road, Ithaca, NY 14850

Date of submission: March 2010 Status of submission: Approved

*(please note: an environmental review must be completed before TCIDA can vote on proposed financial incentive. It is the applicant's responsibility to provide a copy of the determination of environmental impact by another agency to TCIDA.)*

**Permits**

Describe other permits required and status of approval process.

This project is being developed under new Planned Development Area law of 2010 (Local Law 3, 2010). The PDA has been approved by the Village of Lansing on June 29, 2010 (Local Law 4, 2010), amending the Village Zoning Law and Zoning Map to incorporate the Project's PDA. A special permit from the Planning Board is was issued on July 27, 2010.

**Other**

Do you have any thing else you would like to tell TCIDA regarding this project?

The requested support from the IDA for this Project is appropriate and unique under the specific facts and circumstances of this Project. For example, it:

- Enables development within Tompkins County.
- Brings in a national retailer with "super regional" draw that fills a niche currently only being filled by locations in surrounding counties.
- Increases the retail sales (i.e. sales tax) base in Tompkins County in a material way. It will derive new sales from both the residents in the Tompkins County and in neighboring counties that will come to Tompkins County. It will also increase sales at retailers in Tompkins County since customers of BJ's will shop at these other retailers during their shopping trips, as opposed to taking making these purchases in other counties when they visit a wholesale club in those other counties (such as Cayuga, Chemung, Onondaga, etc.). This retailer can also capture sales currently being lost on the Internet. Sales tax revenues are a material portion of the County budget and can only be materially increased by drawing customers from other counties into Tompkins County and/or adding retailers (as evidenced by the significant sales increases experienced during the retail development growth of the early 2000's).
- Adds 12 senior residential housing units to the market. While not a large residential development, there is an identified shortage of housing in Tompkins County across all classes of housing.
- Fits the Village of Lansing Comprehensive Plan and goals of creating residential housing, enhancing the "walking village" nature of the community, cleaning up a long-term eye sore at the entrance to the residential communities and creating a buffer between the retail developments and the existing residential areas.
- Enhances a low grade wetland and create a natural bird habitat which is good for the environment.
- Fits within the County's plan for nodal developments that prevent retail sprawl.
- Complies with the planned development area law (PDA) passed by the Village of Lansing that requires the senior housing and retail components be built in this PDA zone in order to meet the goals of the Village Comprehensive Plan.
- Utilizes a PIF to not only enable development but also ensure that the incentive is reinvested into the community.

**CERTIFICATION**

Eric Goetzmann DEPOSES THAT SHE/HE IS THE authorized representative  
(NAME OF CHIEF EXECUTIVE OFFICER OF COMPANY SUBMITTING APPLICATION) (TITLE)

OF Arrowhead Ventures, LLC, THE CORPORATION NAMED IN THE ATTACHED APPLICATION; THAT  
(COMPANY NAME)

HE HAS READ THE FOREGOING APPLICATION AND KNOWS THE CONTENTS THEREOF; THAT THE SAME IS TRUE TO HIS KNOWLEDGE.

DEPONENT FURTHER SAYS THAT THE REASON THIS VERIFICATION IS MADE BY THE DEPONENT AND NOT BY Arrowhead Ventures, LLC IS BECAUSE THE SAID COMPANY IS A ~~CORPORATION~~ Limited Liability Company.  
(COMPANY NAME)

THE GROUNDS OF DEPONENT’S BELIEF RELATIVE TO ALL MATTERS IN THE SAID APPLICATION WHICH ARE NOT STATED UPON HIS OWN PERSONAL KNOWLEDGE, ARE INVESTIGATIONS WHICH DEPONENT HAS CAUSED TO BE MADE CONCERNING THE SUBJECT MATTER OF THIS APPLICATION AS WELL AS INFORMATION ACQUIRED BY DEPONENT IN THE COURSE OF HIS DUTIES AS AN OFFICER OF AND FROM THE BOOKS AND PAPERS OF SAID CORPORATION.

AS AN OFFICER OF SAID CORPORATION (HEREINAFTER REFERRED TO AS THE “APPLICANT”), DEPONENT ACKNOWLEDGES AND AGREES THAT APPLICANT SHALL BE AND IS RESPONSIBLE FOR ALL COSTS INCURRED BY THE NONPROFIT TOMPKINS COUNTY INDUSTRIAL DEVELOPMENT AGENCY (HEREINAFTER REFERRED TO AS THE “AGENCY”) ACTING IN BEHALF OF THE ATTACHED APPLICATION WHETHER OR NOT THE APPLICATION, THE PROJECT IT DESCRIBES, THE ATTENDANT NEGOTIATIONS AND ULTIMATELY THE NECESSARY ISSUE OF BONDS OR TRANSFER OF TITLE ARE EVER CARRIED TO SUCCESSFUL CONCLUSION. IF, FOR ANY REASON WHATSOEVER, THE APPLICANT FAILS TO CONCLUDE OR CONSUMMATE NECESSARY NEGOTIATIONS OR FAILS TO ACT WITHIN A REASONABLE OR SPECIFIED PERIOD OF TIME TO TAKE REASONABLE, PROPER, OR REQUESTED ACTION, OR WITHDRAWS, ABANDONS, CANCELS, OR NEGLECTS THE APPLICATION OR IF THE AGENCY OR APPLICANT ARE UNABLE TO FIND BUYERS WILLING TO PURCHASE THE TOTAL BOND ISSUE REQUIRED OR FINANCING FOR THE PROJECT, THEN UPON PRESENTATION OF INVOICE, THE APPLICANT SHALL PAY TO THE AGENCY, ITS AGENTS, OR ASSIGNS ALL ACTUAL COSTS INVOLVED IN CONDUCT OF THE APPLICATION, UP TO THAT DATE AND TIME, INCLUDING BUT NOT LIMITED TO FEES OF BOND COUNSEL FOR THE AGENCY AND FEES OF GENERAL COUNSEL FOR THE AGENCY. UPON SUCCESSFUL CONCLUSION AND SALE OF THE REQUIRED BOND ISSUE OR TRANSFER OF TITLE THE APPLICANT SHALL PAY TO THE AGENCY AN ADMINISTRATIVE FEE SET BY THE AGENCY, NOT TO EXCEED AN AMOUNT EQUAL TO 1% OF THE TOTAL PROJECT COST. THE COST INCURRED BY THE AGENCY AND PAID BY THE APPLICANT, INCLUDING BOND COUNSEL, THE AGENCY’S GENERAL COUNSEL’S FEES AND THE AGENCY’S ADMINISTRATIVE FEES, MAY BE CONSIDERED AS A COST OF THE PROJECT AND INCLUDED AS PART OF THE RESULTANT BOND ISSUE.

\_\_\_\_\_  
SIGNATURE OF CHIEF OFFICER OF COMPANY SUBMITTING APPLICATION

NOTARY

SWORN TO BEFORE ME THIS

\_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_\_

## Value of Incentives (Attachment)

### PILOT Increment Financing

The developer is asking the IDA and the local taxing jurisdictions to support a Payment-in-Lieu-of-Tax Increment Financing (“PIF”) vehicle to support the Project. A PIF is a less commonly used, but in many ways better economic development tool, as it not only provides economic incentives but it ensures that the incentives are reinvested into the Project.

The developer met with an IDA appointed subcommittee and worked out the following project structure. Using a PIF, BJ’s Wholesale Club and the senior residential housing complex will be subject to a PILOT. The PILOT schedule will be determined for each property (retail and residential) based on what approximates the real property taxes for the subject property. The PILOT amount for the first year will be fixed at the time of the PIF for the first year, and will grow on a fixed schedule of approximately 2.3% per year (which represents a fair estimation of the tax rate growth in Tompkins County over the past 20+ years) for each year thereafter.

The PILOT term will last for a period not to exceed 25 years, with an anticipated target of 20 years. At the end of the PIF term, the properties shall return to the tax rolls and be taxed in accordance with standard property tax rules.

The difference between this PIF/PILOT and a “traditional” PILOT is that the IDA will assign an amount of the PILOT payments in excess of the base taxes currently paid on the property to flow directly to debt service for the housing portion of the project. This will be legally structured in such a way that an investor that will purchase a fixed income investment as debt service on that fixed income investment. The amount of the fixed income investment is based on the stream of debt service (PILOT) payments being made over the PILOT term, so as to fully amortize and pay the fixed income investment by the end of the PILOT term. The local taxing jurisdictions need to approve this structure and in particular, the alternate allocation, since a specific portion of the PILOT payments in excess of the current taxes on the property will not be paid by the IDA to the taxing jurisdictions, similar to the portion of taxes ‘abated’ in a traditional PILOT. In this structure, the taxes ‘abated’ are directed to the debt service.

For the retail property, one hundred percent (100%) of the PILOT in excess of the current taxes on the property will be eligible for the PIF, but for the residential property, only up to fifty percent (50%) of the PILOT in excess of the current taxes for the property will be eligible for the PIF. The other 50% of the PILOT for the residential property will be allocated to the local taxing jurisdictions as traditionally done with PILOTs. The amount of the current taxes on the properties will continue to be allocated to the local taxing jurisdictions as traditionally done with PILOTs.

Of the PILOT payments eligible for the PIF, 100% will be allocated to the PIF for the first five (5) years of the PIF. The percentage allocated to the PIF will decrease by 5% each year thereafter for the remaining term of the PIF. The amounts not allocated to the PIF (i.e. 5% in year 6, 10% in year 7, etc.), will be allocated and distributed to the local taxing jurisdictions by the IDA as are traditional PILOTs.

The proceeds of the PIF will be used to pay for costs of issuance, with 100% of the remainder to be used by the Developer to build the project. The actual items of the project budget to be funded by the PIF shall be in accordance with applicable laws.

(continued)

The amount of the PIF proceeds is subject to the amount of the PILOT payments being allocated to the PIF, the term, the interest rate and other underwriting requirements of the PIF investor(s). The Developer shall work to minimize the term of the PIF while maximizing the PIF proceeds. The developer is looking for approximately \$2 million to fill a portion of the \$3 million budget imbalance resulting from the PDA requirements. The PIF structure as reviewed with the IDA subcommittee is anticipated to generate between \$1.5-1.7 million of the \$2 million. If this is paired with Tompkins County's tax-exempt Recovery Zone Facilities Bond allocation, the PIF should be able to generate the \$2 million and fill the Project's needs.

The following is a hypothetical example of the PILOT and PIF if you assume an amount for the first year of the PILOT:

	<u>Total</u>	<u>Retail</u>	<u>Residential</u>	
Year 1 PILOT	\$ 207,000	175,000	32,000	
Base Taxes	\$ 30,227	26,070	4,157	
	176,773	148,930	27,843	
Growth Rate	2.3%		13,922	:50%

Year	Eligible PIF Retail	Eligible PIF Residential	Eligible PIF Total	% Used for PIF	PIF	Taxing Jurisdictions	Increase Over Base Taxes
1	148,930	13,922	162,852	100%	162,852	44,148	46%
2	152,955	14,290	167,245	100%	167,245	44,516	47%
3	157,073	14,666	171,739	100%	171,739	44,893	49%
4	161,285	15,051	176,336	100%	176,336	45,278	50%
5	165,594	15,445	181,039	100%	181,039	45,672	51%
6	170,003	15,848	185,851	95%	176,558	55,367	83%
7	174,512	16,261	190,773	90%	171,695	65,564	117%
8	179,126	16,682	195,808	85%	166,437	76,280	152%
9	183,845	17,114	200,959	80%	160,767	87,532	190%
10	188,673	17,555	206,228	75%	154,671	99,339	229%
11	193,612	18,007	211,619	70%	148,133	111,719	270%
12	198,665	18,469	217,134	65%	141,137	124,692	313%
13	203,834	18,941	222,775	60%	133,665	138,278	357%
14	209,122	19,425	228,546	55%	125,700	152,497	405%
15	214,531	19,919	234,450	50%	117,225	167,371	454%
16	220,065	20,425	240,490	45%	108,221	182,921	505%
17	225,726	20,943	246,669	40%	98,668	199,171	559%
18	231,517	21,472	252,990	35%	88,546	216,142	615%
19	237,442	22,014	259,456	30%	77,837	233,860	674%
20	243,502	22,568	266,071	25%	66,518	252,348	735%
				Sum:	2,794,989	2,387,589	
				NPV (6%):	1,718,323	1,127,340	