

**Tompkins County IDA Meeting Minutes  
July 9, 2010  
Scott Heyman (Old Jail) Conference Room  
Ithaca, NY**

**Present:** Martha Robertson, Dan Cogan, Larry Baum, Will Burbank, Jeff Furman, Ed Marx, Nathan Shinagawa

**Excused:** Jim Dennis

**Staff Present:** Ina Arthur (recording), Mariette Geldenhuys

**Guests Present:** Krisy Gashler (Ithaca Journal), Stacey Black (IBEW), Ken Schon (Caguga Green)

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

**ADDITIONS TO THE AGENDA**

**PRIVILEGE OF THE FLOOR**

None

**BUSINESS**

South Hill Business Campus Resolution

Ms. Geldenhuys explained the resolution before the board. South Hill Business Campus is selling about 13 acres to Ithaca College. There is no negative impact on the existing PILOT agreement with SHBC. This sale will cause SHBC to meet the PILOT agreement threshold earlier than expected. This resolution authorizes the amendment of all the closing documents to reflect the smaller parcel of land.

Mr. Furman asked about the loss of property taxes with the sale of the land to a non-taxable entity. Mr. Geldenhuys stated that the value of the land is very low.

Mr. Burbank asked if we know what Ithaca College will do with this land. Ms. Geldenhuys stated that she did not know.

**Nathan Shinagawa moved to approve the resolution regarding the sale of land from South Hill Business Campus to Ithaca College. Larry Baum seconded the motion. The motion passed unanimously.**

Cayuga Green Apartments

Mr. Schon commented that he has met a few times with members of the IDA Board regarding the Cayuga Green Apartment rent levels. It seems to come down to the definition of “average net rent” and the two perspectives – that of developer and that of renter. From a real estate developer viewpoint, “average net rent” is defined as rent net of expenses. Gross rent is inclusive of expenses. Rents per apartment do vary, but there should be an average. He would like to come to a resolution on this issue now rather than in two years when the formal reporting begins.

Ms. Robertson agreed that she would also like to act now, to effect affordable rents.

Mr. Furman stated that he views the definition from the viewpoint of the renter. He would like verification of the specific costs that Mr. Schon has included in this \$3.00/sf for additional expenses: property management costs, cleaning staff costs, insurance, etc.

Ms. Robertson stated that she has asked for a breakdown of exact costs for all things.

Ms. Robertson also commented on the appearance of a 2 ½ room apartment. This size of apartment was not in the original PILOT agreement. Mr. Schon stated that even with the larger apartment, it is still under the agreed upon average net rent cost per square foot by \$2.00. Ms. Robertson asked for the square footage of these larger apartments. Mr. Schon stated that they are approx. 1250 sf.

Mr. Shinagawa stated that the board needs to have the square footage of each apartment and then the break down of what is in the “additional expenses” that make up the \$3.00 above average net rent in order to verify the numbers. Mr. Schon agreed to provide this information

Mr. Furman asked for a date when this would be provided. In a couple of weeks.

Ms. Robertson stated that the CPI increase for 2009 was 0. Therefore there should not be any increase in rents. She would also like to have information on the cost of insurance and the exact current rents for the apartments. Mr. Schon stated that he would like to have that information revealed in executive session. Ms. Geldenhuys commented that the actual rents could be discussed in executive session. Mr. Schon stated that they have increased the rents more than the CPI increase, but that the average net rent per sf is still below \$13.60.

Mr. Baum commented that he has talked with other real estate developers and their definition of average net rent is the same as Mr Schon’s. The issue seems to be that the definition of average net rent was never defined. Mr. Schon stated that the issue never came up during development of the legal documents.

Ms. Robertson pointed out that promises made during IDA meetings, as reflected in the minutes, are part of the applicant’s obligations. She then referred to past minutes of the IDA Board where the highest rent was supposed to be \$1360.00. But the largest apartment now rents for \$1439.00 Mr. Schon stated that even that rent is below the average net rent rate.

Ms. Robertson commented that this may come down to lawyers.

Mr. Schon stated that he is happy to submit the information but until there can be some resolution, we will come to this again and again. Mr. Furman commented that the information is needed so we can come to an agreement.

Mr. Baum stated that there appears to be inconsistencies between the minutes and what went into the PILOT agreement. The definition is unclear. To sort it out will take a bit of work. Ms. Robertson agreed.

### Arrowhead Ventures

Ms. Robertson stated that the developer is not here at the meeting for a reason. Members of the IDA have met with the village of Lansing and its mayor to see how flexible they might be on the issue of housing and increasing the number of senior housing units from 12 to 24. They are not flexible on this point at all.

Mr. Cogan summarized the meeting with the developer and a sub-committee of the IDA Board regarding the economic analysis. The developer started with a review of the site constraints: wetlands and dealing with them. The developer presented their projected costs and revenues. It was hard to know what was correct, as these numbers were unaudited. The sub-committee gave the developer an assessment of the IDA's viewpoint – usually the IDA does not incentivize commercial endeavors. If they were to come back to the board they would have to present audited financials.

Ms. Robertson stated that a PIF (PILOT incremental financing) agreement would require that each taxing jurisdiction give its approval. School Districts do not get a share of the sales tax and thus they would be giving up property taxes on the big box retailer while seeing no sales tax increase. It was suggested that the developer go to the school district and see what their response is to the proposal. This would be the Ithaca City School District. This seems to be the developer's next move, and thus the reason for their not being here today.

Mr. Furman asked about other players such as the Mall.

Mr. Burbank asked what the read on the village is. Ms. Robertson stated that the village would like this housing to be a transition to the commercial area. They want a walkable community. And they already have a lot of dense apartments units.

Mr. Baum asked Mr. Furman what the perspective of the School Board might be. Mr. Furman stated that they would probably be okay with it. The question to them would be “do you object?” They would still get the property tax from the land and there would not be any additional children coming into the system, thus no new added cost to them.

Mr. Marx expressed his concerns with possibly subsidizing an over building of route 13. There are commercial vacancies there now.

Mr. Cogan wondered what the goods and services of the big box could be that we don't already have in the County. The developer discussed capturing sales tax leakage. Mr. Cogan also asked how long the PIF would be. This needs to be nailed down. If the project is going to happen anyway, why incentivize it?

Mr. Marx commented that the IDA Board should look at the bigger picture. Over building of the commercial market can undermine economic activity. What makes Ithaca attractive is its uniqueness – for example the homegrown restaurants. You can go anywhere and go to a chain restaurant.

Some would like to poll the other taxing jurisdictions to see what their thinking is on this. But is was cautioned that if the IDA does this a perceived IDA support of the project should not be implied.

#### **ADMINISTRATIVE DIRECTOR'S REPORT**

Ms. Robertson reported for Mr. Stamm that TCAD has been working with the Pettito's and a project to bring a grocery store to the Fall Creek neighborhood where the P&C used to be. The project will move forward but will not be coming the IDA for any incentives.

#### **APPROVAL OF MINUTES**

**Larry Baum moved to approve the minutes from the June 4, 2010 meeting. Nathan Shinagawa seconded the motion. The motion passed unanimously.**

#### **OTHER**

Ms. Geldenhuys reported that the College Circle Apartments project that was owned by Integrated Acquisitions & Development (IAD) and leased to Ithaca College has been conveyed to Ithaca College. There was a provision in the original PILOT agreement with IAD that stipulated that if it was sold to Ithaca College (a not-for-profit entity) that the college would continue to make the PILOT payments to the taxing authorities.

Meeting adjourned at 5:15 PM