

**Tompkins County Industrial Development Agency
Board of Directors Meeting Approved Minutes
May 14, 2015
Tompkins County Legislative Offices
121 E. Court Street, Ithaca, NY**

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

Staff Present: Michael Stamm, Mariette Geldenhuys, Phu-Christine Lam (recording)

Guest Present: Jason Lowe (CSED), Jean McPheeters (Caroline), Gary Ferguson (DIA), Ken Jupiter (Dryden), Bruce Stoff (CVB), Michael Cannon (City of Ithaca), Theresa Alt (CSED), Kathy Russell (Workers Center & CSED), Elon Shapiro (CSED & Building Bridges), Irene Weiser (CSED), Brian Noteboom (Carpenters Local), Scott Whitham (Whitham Planning and Design), Neil Patel (Hilton Canopy)

CALL TO ORDER The meeting was called to order at 4:00 PM

PRIVILEGE OF THE FLOOR

Brian Notebloom – Mr.Notebloom represents the carpenter local union and brought up the local labor policy, even though it was not part of the days agenda, but he has some concerns about projects that the IDA is currently providing incentives to.

The Kendal project has workers on site from Virginia; he has a picture of the van and workers for the record. This is why he and his members believe it is important for a labor policy. The other project is the Carey Building, which will be using General Interior Systems as their interior sub out of Syracuse. He brought a report from Syracuse.com that the company owes \$380k in back wages to 300 workers – company is known to use 1099's – submitted for the record. These are the reasons why the labor policy needs to move forward over the next few months.

Irene Weiser – She noted that the IDA members should have received the recommendations from the CSED put forward. Noted that there have been conversations and working groups to tackle the challenge of local labor. Would like to help the IDA figure this issue in a way that supports the growth we want to see while also supporting the community.

Also wants to make note about the public process. She believes it can help frame things differently and move things in a direction that there isn't kind of situation of a proposal presented a few months ago. Public process could enable conversations to happen earlier and provide more information. Would like to see the process allow

for earlier input before a lot of design and negotiations so public feedback can be better incorporated. Looks forward to continuing the conversation and working with the IDA.

Elon Shapiro – following up on what was said, the issues that they are trying to find a way to not consider poverty and racism to be chronic and structural things but things that are removable illnesses in our society, things that we can work at a policy level as well as organizationally and personally; this is a place of leverage, with the amount of development coming our way to help change some of the structural things that are in place if we're proactive – the issue is not simple. When we were doing residential housing – there are some communities that have a strong emphasis on mixed income as a requirement for getting abatements. It should be a consideration we should be taking seriously here – how are we going to make this place affordable; especially since there has been media recently talking about how unaffordable it is unless you're making a living wage. Likewise, to support local economy we should be thinking about how any project here is providing a living wage so people living here can have equal access. How do we level the playing field, which is the ultimate issue for our society – we need to take a stand as a community and find employers that share these values.

Kathy Russell – she would like to emphasize labor issues when it comes to considering applicants for tax abatements. We need to make sure the workers are union workers. The unions can help guarantee the conditions we want and get their needs met. The workers will have their human rights met, backed up by the unions, and they will have safe and healthy working conditions. For us local wage for is defined by Tompkins County, not someone working here from Pennsylvania. Would like to stress that 90% of workers on projects should be local. Would like to be the leader in making the changes – living wage, local and diverse.

Jason Lowe – would like to express some points. First point is the initiative called Drop the Box regarding criminal convictions. Believes being asked about an individual's criminal record is discriminatory. There are perspective employees not given an equal opportunity to employment. The second point is a living wage versus cost of living. Currently, he needs a second job to afford the costs of living in Ithaca. His final point is diversity in the workplace. It would be nice to have a pool of employees that recognize in which it is apart of.

Teresa Alt – here on behalf of CSED, will be talking about the environmental protection aspect. The IDA should insist that new building be energy efficient. There are too many building going up in the community that is not energy efficient. The county has set a goal of reducing green house emissions by 20% by 2020 and it's going to take some better buildings to do that. Another part is sustainable pattern of buildings, land use, would like to acknowledge, in that regard, they are on track and applaud it. Density and accessibility to transit is essential to reducing green house gas emissions. Also concerned about sensitive, valuable and historic environments – should be taken in to account when taking in to account something that is

happening that would not happen. Finally, local sourcing is also environmental because it's a matter of getting something local or getting shipped across the county.

Michael Cannon – here in support of the Hilton Canopy project. Very excited that it adds to the density of downtown. Excited about the project, but also has a personal relationship with the Patel family. They are a local family, their first project was the Hampton Inn, they've developed a number of hotels. Neil, here tonight, went to Cornell University - it is a great success story. He strongly endorses the project and tax abatements. To him, the math is simple – it costs 25-20% more to build something downtown. We give tax abatements in exchange for this project not happening somewhere else, like Triphammer road.

Bruce Stoff – approve the Canopy project. The tax incentive and jobs are well documented. 3.4 million in state and local tax during the course of this agreement, \$4.6 million in direct jobs, \$2.2 million in indirect jobs – it's an impressive project. This supports services needed inside the community.

There is room demand to support this. Demand is growing at an organic rate of about 2% a year which is about 40 rooms per year. Right now, we're about 80 rooms under the demand trend, it will be about 3-4 years before we are on the demand trend.

Would also like to note that we do not live in a fixed market. About 30% of the hotel stock is occupied by 40 years olds and even 50+ and about 10% of that is on its way to obsolescence so that will have to be replaced. The Canopy project is walkable, car free, improves density, eliminates sprawl, it has high design reviews, high occupancy is projected here, which means stable jobs with potential growth. The project may not be perfect, but it is certainly moving the community and industry in the direction we want to go in.

Mr. Dennis – Asks Michael Stamm if this application needs the IDA to take a vote?

MBS – Yes, it does require a vote to send the project along to a public hearing.

Ken Jupiter – supports the Canopy project. The project is projected to add \$240,000 annually to room tax. The tourism board has devoted some funds to TCAD and the project offers an opportunity to replenish these funds. As we add more jobs to the community, it naturally will add upward pressure to wages.

Gary Ferguson – executive director of the DIA and believes the Hilton Canopy is an exciting project; it has been a long time in the making. This is a project that the City and DIA has looked at this site for close to a decade. The sites use to be the Strand Theatre and had a vision that it would be rebuilt one day and a decade later there is a project. They've been working to make it economical for both the developers and the community as well. Excited about the developer and the city had an extensive negotiation over the sale of the site along with extensive conversations about jobs.

Believes that the developer did a good job, they came up with a framework that made sense for the project and the community. They are here because there is a gap and at the end of the day, projects can't move forward unless the economics work. It has been determined that the tax abatement is necessary for the project to move forward. He asks, on behalf of the downtown community, to move this project forward. It means a lot in terms of the growth of the community, spending, etc.

Jean McPheeters – in favor of the canopy project. There are three things she especially likes about the project. One, it takes a parcel of land that is being used to park cars on right now and turning it into something that brings in taxes and loves the concept of landfill project. Second, there is a need for entry level jobs that can lead to something else. The hotel industry offers that, there is a network of opportunities that individuals can move in to. Lastly, agrees there is a need for more hotel rooms. Hope that the IDA will provide the tax abatements necessary to move this project forward.

BUSINESS

Application: Ithaca Downtown Associates/Hilton Canopy Hotel

Mr. Dennis – Thanked everyone for coming and sharing their comments. He would like the agency to note the memorandum from Heather McDaniel that is not present.

Jim Dennis moved to put the Hilton Canopy Hotel application on the floor. Jennifer Tavares seconded the motion. The motion was approved.

Mr. Stamm – two documents from Heather, one document shows the overview of the costs and benefits of the project and the other is a memo that specifically speaks to the determination of financial need because the applicant is asking for the 10-year abatement instead of the standard seven-year abatement. As per policy, 10-year abatements, TCAD is tasked with doing a financial analysis to confirm there is need for the level of abatement. Introduces the development team.

Scott Whittam – introduced himself and Neil Patel with Hilton Canopy and Lisa, the regional manager. Mr. Whittam presented a board with the plans for the Hilton Canopy, between CSMA and the Carey Building. The site was previously the Strand Theatre before becoming a parking lot. Has been in negotiations with Joe Daily, IURA, City of Ithaca, Carey Building and CSMA to talk about what this site would be best used for. Explains the proposed footprint. There will be a restaurant space and café. The canopy brand is a new brand by Hilton that is a boutique style geared towards being apart of the community and the design draws from local arts and community assets.

He has been working with the planning board and the City to look at materials and To make sure it makes sense architecturally and how it complements the surrounding buildings.

Ms. Robertson – She asks for clarification about the footprint of the building as well as the Hilton Canopy brand.

Mr. Whittham – Clarifies the footprint and explains that they were able to carve out 11 parking spots as well as two loading spots to support CSMA and the Carey Building.

Ms. Lisa – Explains that the Hilton Canopy will be a franchise of Hilton Corporation. Light House Hotels is also listed on the application because it is the managing company to the Hilton Canopy.

Ms. Robertson – She is pleased with the hotel and its place in the market. Would like to know if the City was involved in the land transfer.

Mr. Witham – Explains that the City transferred the parcel to the IURA and now they are in a purchase agreement with the IURA.

Ms. Robertson – Notes that the Canopy prides itself on using local art and food, but on the application, the box is checked no for local labor and notes “it is their intention to use local labor.”

Mr. Patel – Explains that there are a lot of moving part and cannot make the commitment know that they will use local labor. It is there intention to use local labor and union shops if their prices are competitive. They have used local labor for other projects they have worked on, but they would not like to commit to anything right now because there are still a lot of unknowns.

Mr. Myrick – Thinks that the project is tremendous for the heart of the city. It will be a good addition architecturally and thanks the Canopy team for working so closely with the planning board.

Notes that there is a level of sadness with the loss of the parking lot because of the history of the Strand Theatre. It’s hard to imagine what could be and become fixated on what is. When you become fixated on what is, you can only see what you lose and not what you stand to gain. If we were proposing to demolish a hotel that creates a pipeline to entry level jobs and millions of dollars worth of tax revenue that helps fund teaching and police positions and fix roads and pot holes – it would be a mistake to knock it down to build a parking lot and that would be obvious. What’s less obvious is that we’re talking about what could be. He’s thrilled with project and will help fund the city.

During his time in public office there has been tremendous change – financial turmoil, laid off people, eliminated highest positions and in that same year raised the wages to the living wage because he believes, as Mr. Shapiro said, to eliminate poverty and eradicate social injustice. He can understand the desire to go all the way

to that point, using whatever tool we have. However, we cannot expect one tool to do everything. If we want to eradicate something as complicated, long standing and systemic as poverty, we can't expect this one tool to do it all. We have to do it along with other tools like employment and training programs. If we try to use this abatement to set local wages, we will set this hotel at disadvantage to others – the market demand here is driving the construction of these hotels in the city instead of somewhere else where no abatement is needed and therefore no community benefits are granted or received and we would be in a worse place than where we are. Today, he supports the project moving forward to a public hearing because he believes the cost

Mr. Shinagawa – Asks if the Marriott is also paying a 120% of the minimum wage, consistent with the Hilton Canopy

Mr. Stamm – The Marriott commitment is slightly different, they have committed to paying only their housekeepers 156% of the minimum wage. He would characterize the Canopy project as meeting a higher threshold.

Mr. Shinagawa – Notes that the inconsistency is that the Hilton Canopy is paying 120% compared to Marriott's 156%. He also asks what other projects have asked for the 10-year abatement.

Mr. Stamm – Responds that the Marriott received a 10-year pilot and were able to demonstrate the financial need.

Mr. Shinagawa – Has a question for the IDA board. They have a Local Labor Policy they are working on as well as a reform of CIITAP and wondering how many other projects are in the pipeline until there is resolution on the items. He believes it would be a real game changer for upcoming projects. Cut off points, by nature, are unfair and would like to know what other projects are coming up in the next two to three months as the IDA works on these resolutions.

Mr. Stamm – Notes that it is hard to say when they will come to the IDA. There is the Tompkins Trust Company project.

Mr. Shinagawa – Notes that he would normally ask that the project be held off until resolution is made, however since they have known about the Canopy project and have been talking about it for a while now, he is willing to move the project forward. However, before the next project, there needs to be some resolution.

Mr. Dennis – States, in terms of the CIITAP policy, the IDA does not have much to do with. In terms of the Labor Policy, a committee was formed a month ago to take on this issue and Heather has been working diligently on it; he has also spent some time thinking about it. Heather has reached out to other IDA's to discuss best practices for Local Labor Policy. His sense is that they will come up with a policy somewhere in the next six weeks.

He thinks it's interesting that they are talking about this because it recognizes what some of these conditions mean to projects. Once you drive the cost in a certain direction, the project goes away or it cheapens as you move forward. He believes there is ample evidence of that in many places around New York State and would like everyone to keep that in mind as we look to solve some of the problems people are talking about.

Mr. Shinagawa – States that not only for the community, but as a mandate, we should incorporate a Local Labor Policy. He understands that local labor has its nuances, but says it's not only important for community members and advocates, but it's also important for the developers. To do justice to both of those groups, he believes there needs to be a timeline in place to get these items resolved.

Ms. Tavares – Agrees and states that once they get into what the policy may look like, we quickly realize there is much more research that needs to be done before we are in the position to adopt something that ties all projects into a specific set of goals. She believes it is important to have a timeline, but it is more important they get it right the first time and to do the research. While people are speaking in favor of it, there are a lot of people in the community that have some concerns about having a policy in place. There needs to do more research done before the committee puts it front of the IDA again.

Mr. Dennis – We will do what Ithaca does best and that is to study an issue and get all the best information we can until we move it on to something.

Ms. Robertson – Reiterates that she would like to be prepared to vote on something in July. Can support the Canopy project moving forward today, with the understanding that the discussion about the Labor Policy will come to a resolution.

Mr. Dennis moved to send the Hilton Canopy project to a public hearing. All committee members raise their hands – pass unanimously.

Ms. Robertson – Asks a question about the Hilton Canopy board room

Ms. Lisa – Responds that it will be accessible to guests and the community. The space is to be used as any other hotel meeting/conference space does.

Ms. Robertson – Asks that Ina send out potential dates and times so IDA members can do their best to attend.

Mr. Stamm – agrees and will confirm with Ina.

Lansing Market, LLC – Sales Tax Exemption Extension Request

Mr. Dennis moved to put the Lansing Market sales tax exemption extension request on the table. Second by Ms. Robertson

Mr. Dennis – Board members received a resolution and memo from Andy Sciarabba, who is one of the managing partners of the project. The project was approved for incentives several years ago to bring a grocery store into a place that didn't have it. It has struggled and has not broken even yet. Recently, they had some equipment break down that they didn't anticipate, so he's asking for an extension on the sales tax abatement. This would mean he would receive sales tax abatement for the equipment he needs to fix his broken equipment. This does not need to get moved to a public hearing because the amount is so minimal.

Mr. Dennis – asks if there are any questions or comments

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

Emerson Redevelopment – Memo Outlining Funding Request

Mr. Dennis – Moves to the next agenda item, Emerson redevelopment funding request.

Mr. Stamm – The IDA approved funding for Emerson and the IDA requested an outline of what the money would be used for. Board members were given a memo from Heather outlining his expenses. This is for informational purposes only. If you have any question, please contact Heather McDaniel.

35 Thornwood – Request to Transfer PILOT to new owner

Mr. Dennis – Moves to the next agenda, 35 Thornwood Drive request to transfer pilot to new owner.

Mr. Stamm – Provides background information on the project. The IDA delivered incentives in 2004. Building is valued at around \$5 million with 35,000 square feet. Originally, the project projected to create 81 jobs, currently there are about 90 employees. The building is currently owned by Cornell University and the intent of the developers is to acquire it and retain the last few years of the PILOT agreement. This was an unusual pilot, it was 15 years and there are about four years left which would be a 25% abatement. The project has paid about \$560,000 in property tax since it was build and the abatement valued it at about \$25,000 a year.

Board votes and Mr. Myrick signs resolution.

TCIDA/TCDC Performance Report

Mr. Dennis – Next agenda item, TCIDA/TCDC performance report

Mr. Stamm – At the next meeting, would like to begin taking a look at the information TCAD has presented in the packet. As they've talked about in the past, TCAD collects a lot of information on projects. The ones listed are only the ones that have active pilots with the IDA. TCAD is meeting with businesses and have a few left to see. TCAD will come back with specific recommendations for those that have not met their employment goals and to tighten up the Recapture Policy that would ask the IDA members to initiate Recapture procedures with each project that has not met its employment projections. Would not anticipate that it be part of the recommendation, but part of the comptroller audit recommendations will be likely to do that. Let TCAD know if you have any questions.

Quarterly Financial Reports

Mr. Dennis – Next agenda item, quarterly financial reports

Mr. Stamm – This was requested at the last IDA meeting. The report is simple and straightforward, shows the IDA's cash position in the last quarter.

Minutes

Mr. Dennis – Moves to the approval of last meetings minutes.

Ms. Robertson – Rick Snyder should be listed under staff. Page three bottom line, Mr. Shinagawa “project” should be changed to “profit.” Top of page six, should involve checking board members calendars before scheduling meetings.

Mr. Dennis moves for a vote, second by Mr. Shinagawa – passes.

Mr. Myrick adjourn the meeting, Mr. Shinagawa seconds – passes.

Meeting adjourned at 5:30 PM

Minutes were approved at June 11, 2015 Board meeting.