

**Tompkins County Industrial Development Agency  
Board of Directors Meeting Final Minutes  
May 10, 2018  
3:30 PM  
Tompkins County Legislative Offices  
121 E. Court Street, Ithaca, NY**

**Present:** Rich John, Martha Robertson, Jennifer Tavares, Leslyn McBean-Clairborne, Mike Sigler

**Absent:** Grace Chiang, Laura Lewis

**Staff Present:** Heather McDaniel, Ina Arthur, Mariette Geldenhuys

**Guests:** Deborah Dawson (TC Legislature), Nels Bohn, Tom Knipe (City of Ithaca), George Reed (Delaware River Solar)

**CALL TO ORDER**

Rich John called the meeting of the **Tompkins County Industrial Development Agency** to order at 3:55 pm.

**PRIVILEGE OF THE FLOOR**

Amanda Kirschgessner – As the City of Ithaca is reviewing its CIITAP Policy and also considering a Green Building Policy, she would like the IDA board to authorize a moratorium on abatements until the Green Building Policy is passed and implemented. She feels it would not make sense to pass abatements for a project until this is finalized.

**ADDITIONS TO THE AGENDA**

None

**BUSINESS**

Delaware River Solar Dryden I and II Solar Applications

Heather McDaniel introduced the applications for two contiguous community solar projects from Delaware River Solar in the Town of Dryden. She also introduced George Reed from Delaware River Solar. The Town of Dryden has submitted a letter of support. One of the projects is a 2mw project and the other is a 1.3mw project. They also have two difference levels of incentives based on differing financial models. One is under the state’s net metering system and the other is under the new “value of distributed energy generation model” (VDER). Both projects would receive the PILOT for 20 years with a 2% annual increase, which is consistent with the IDA adopted solar policy. She has recommended two different levels of incentives based on the financial models (\$4,800/mw and \$4,300/mw respectively) and to account for the different anticipated revenues.

The Town of Dryden has also completed the SEQR process. She is asking the Board to accept the applications as complete and to move them to a public hearing.

Rich John commented that the Town of Dryden's letter is conditional. The Town wants a 10% discount on power (below the standard NYSEG billing rate) – can this be done?

George Reed stated that they would prefer not to have this as a binding condition particularly for the second project. There is a risk if they offer a discount. There may be a need to offer some discounts due to competition in the market area and they are trying to make this possible, but the projects need to generate enough revenue to pay expenses, including debt service and compensating the tax equity investors.

Rich John asked about the Town of Dryden's statement in their letter of support that addressed the "countywide PILOT agreement to attract solar energy companies..."

Heather McDaniel commented that the Town is most likely commenting on the community solar policy the IDA adopted so that individual municipalities do not need to negotiate separate PILOT agreements. The Town also would like to see a different division of the PILOT payments where the Town would get a bigger percentage other than ad valorem. The IDA discussed this with other solar projects in Dryden and chose not to take that recommendation. This would require approval of the taxing jurisdictions and the school district likely would not support that.

Martha Robertson asked what other DRS projects have been completed and of those are they soliciting subscriptions. NY Newfield I, II, and III have closed on the IDA incentives and are more than likely under construction. All three were under the net metering model and plan to offer the 10% discount on NYSEG rates.

Rich John proposed to accept the applications as complete and to move them to a public hearing. He asked that when the projects return to the board for final approval, that the Town of Dryden also be present to explain their position.

Is any of the land being farmed? Since it is under an agriculture exemption, at least some of the acreage should be farmed.

Martha Robertson asked that on the benefit memo paragraph two, that the words "receive" be changed to "make" in terms of the PILOT payment.

All the special district taxes are not subject to the PILOT

Rich John asked for an explanation between the two forms of financial models.

Net metering is a kw hour credit on a bill and VDER is a monetary credit on a bill.

**Jennifer Tavares moved to accept the applications as complete and to move them to a public hearing. Martha Robertson seconded the motion. The motion was approved 5-0.**

Committee Appointments

The TCIDA Board needs to appoint a Finance Committee per the 2009 update to the PAAA legislation. When the PAAA legislation was created in 2007, the board did create an Audit Committee and a Governance Committee.

Heather McDaniel recommended that at this time and Audit and Finance Committee be populated as one committee and later the Governance Committee can do a review of the IDA's bylaws and recommend separating them into two committees.

Rich John suggested appointing Mike Sigler, Laura Lewis and Rich John to the Governance Committee.

Rich John suggested appointing Rich John, Martha Robertson and Jennifer Tavares to the Audit/Finance Committee.

**Martha Robertson moved to appoint the Governance Committee for both the TCIDA and TCDC as outlined and to expand the current audit committee to an audit and finance committee and to appoint the board members as outlined. Jennifer Tavares seconded the motion. The motion was approved 5-0.**

Jennifer Tavares suggested that when the Governance committee reviews the bylaws that other policies also be reviewed along with the attorney. It is best practices to have the attorney review policies annually.

#### CIITAP Policy Draft Discussion

Nels Bohn of the IURA and Tom Knipe Economic Development Director of the City of Ithaca joined the discussion.

Heather McDaniel gave an overview of the CIITAP Affordable Housing Recommendations. The City is considering an affordable housing requirement for all CIITAP projects. To be effective, the proposed policy will need to balance the City's desire for more affordable housing with the developer's need to earn a reasonable return on investment to make a project financially feasible.

An approach that gives developers one of two options might enable developers to make financial decisions that meet their specific needs on a case-by-case basis. The two options are 1) an affordable unit set aside or 2) a host community agreement/payment.

1) The affordable unit set aside would be 10% of units for residents earning 75% of area median income. Residents would be income qualified, and the IURA proposed to accept the responsibility for this. There are two PILOT options to support this – a) a 10% additional property tax abatement for 20 years or b) a 20% additional property tax abatement for 20 years.

2) The host community agreement/payment set aside would be where the developer would pay into an affordable housing fund that the City would then use to meet its affordable housing needs.

Pros and cons for both options were outlined. There are also a lot of hidden cost considerations to think about in terms of reporting and implementing the first option.

Nels Bohn commented that the City is in the midst of discussions and would like to hear the IDAs thoughts. Making up the lost rent between affordable and market rate is expensive.

Tom Knipe commented that the City does not know the impact this policy change will have. The City does not want to stop density but does want to see an incentivizing of affordable housing.

Martha Robertson asked if the City is considering both CIITAP policy increase in boundary and affordable housing requirement or if they would implement one over the other.

The discussion at the City is that the boundaries are not going to be expanded without having the affordable housing discussion.

At the end of the day the biggest barrier is getting approvals for projects. Developers like INHS take a long time working through the approvals. Martha Robertson feels there would be a benefit to get perhaps a smaller amount of affordable units but ones that are built sooner rather than later. She is leaning towards the percentage of units. She would be willing to go to an additional 15% abatement and would like to see 49 years for the PILOT.

Also how would you structure the affordable housing abatement on top of the “regular” PILOT agreement? You would have to go into existing taxes being abated in the first few years. Going with 15% additional abatement over 49 years it works out to a \$350,000 subsidy/unit in total.

Jennifer Tavares asked about using the tax money that would be given up and if this could be used for other efforts. She has things she likes and dislikes for both options. I agree it would be interesting to see what it would work out to be with more units – having an upfront payment from developers –gentrification would still take place. And another thing – all the money would be collected by the City from the projects and then the City gets to invest the funds, but the tax money would go to multiple jurisdictions – so under that scenario only the City would benefit.

Mike Sigler has two questions. What if we offer no abatements for these projects and don’t require affordable housing. And what if the government puts money that would have been paid into the voucher program – wouldn’t that get the same result? And the other question is compliance – who is in charge of compliance? The City would oversee compliance.

Nels Bohn says that the challenge with vouchers is the number of units that will accept the vouchers is limited. So an expansion of affordable housing units is needed.

Leslyn McBean-Clairborne – agreed with the lack of voucher units. Anything that will bring more affordable housing in the City’s core will get my vote. The affordable housing issue will not go away. She is not a big fan of the second option.

Rich John likes options but agrees with Leslyn that the second option would do little to encourage mixed income. What is the legality of imposing a fee – is this an impact fee? If it is tied to zoning and you have to pay, yes, but CIITAP is a choice, so it wouldn’t be an impact fee.

Mike Sigler asked why are we putting a time limit on this – why not forever? If you don’t build the building you won’t make any money anyway. It’s not that you would really lose money – you just bump up the other rents.

Is there a legal issue with 49 years? Nels Bohn stated that 49 years and beyond is considered permanent.

Martha Robertson stated that we need to put some skin in the game if we are going to have more affordable housing so if it means abating existing taxes for a few years, so be it.

Jennifer Tavares commented that the financial threshold should be part of the discussion at the City and we should also look at constructing affordable housing outside of the City – not everyone wants to live in the City. This policy will also not address the middle income/workforce housing unit issue. This policy may even create more of a gap between affordable and higher income housing.

Heather McDaniel asked for clarification on why the City's controlling the housing set aside would impact negatively other taxing jurisdictions. The taxes are not only for the City – they are for the school district and the county as well.

Leslyn McBean-Clairborne commented that she is still struggling with the lost of rent thought. Why is it a loss if they are building a mixed income building? It is the differential between market rate and affordable rent that would be collected.

Well, the developer should know this up front and put this mix of rents into their financial projections – so it is not a “loss” of rent if the financials are already set up for this policy.

Jennifer Tavares explained that developers could build anywhere but if we want them to build where we want and how we want, the incentives off-set the loss.

This input will be considered by the City's Planning Committee when it further discusses the CIITAP changes.

## **CHAIR'S REPORT**

The Authority Budget Office (ABO) has issued its draft report for the audit they conducted of the TCIDA. A response was drafted and sent. The ABO again responded with more questions. A second response letter has been drafted. Overall, the IDA is transparent in its actions and follows state regulations. There were some discrepancies with data on some of the cost benefit analysis presented to the IDA. They made some recommendations to tighten process. There was some indication that either the ABO didn't understand how the IDA was implementing its recapture policy or they thought it wasn't being implemented. There will be an exit meeting with ABO staff and then a final report will be issued.

## **STAFF REPORT**

A letter has one out to the Arrowhead Project based on the discussion in executive session at the last IDA meeting and we are waiting on a response.

## **APPROVAL OF MEETING MINUTES**

**Martha Robertson moved to approve the draft minutes from the April 12, 2018 Board meeting. Mike Sigler seconded the motion.**

**The motion was approved 5-0.**

The meeting was adjourned at 5:10pm.

**Minute were approved at the June 14, 2018 Board meeting.**