

**Tompkins County Industrial Development Agency
Board of Directors Meeting Final Minutes
July 10, 2019
2:30 PM
Tompkins County Legislative Offices
121 E. Court Street, Ithaca, NY**

Present: Rich John, Jennifer Tavares, John Guttridge, Martha Robertson, Leslyn McBean-Clairborne, Laura Lewis, Mike Sigler

Staff Present: Heather McDaniel, Ina Arthur

Guests: Brian Edger, Jason Crane (Organic Nature, LLC), Cathy Hart (Downtown Ithaca Marriott), Richard Reccio (Urigo Developers)

CALL TO ORDER

Rich John called the meeting of the **Tompkins County Industrial Development Agency** to order at 2:33 pm.

PRIVILEGE OF THE FLOOR

None.

ADDITIONS TO THE AGENDA

None.

OLD BUSINESS

Emmy's Organics – Final Approval

John Guttridge moved to approve the Final Authorizing Resolution for the Emmy's Organics Project. Laura Lewis seconded the motion. The motion was approved 7-0

NEW BUSINESS

Organics Nature - Enhanced Energy Request

Brian Edger and Jason Crane addressed the Board regarding the changes being made to the project in order to comply with the enhanced energy incentive. A significant part of this is moving from natural gas to a heat pump system. They have been working with the County's BEA program and Taitem Engineering in these endeavors. They stopped the project for two months to redesign the HVAC system that has greatly increased the costs.

John Guttridge asked if this would remove all use of natural gas. It will greatly reduce the use. They will still use natural gas for stovetop burners.

Laura Lewis asked about the square footage in the second whereas paragraph. This has to do with the difference between the original footprint of the building and the newly designed building.

Martha Robertson asked about the use of PACE funding. The percentage offered by PACE funding was greater than the current bank interest rate.

John Guttridge moved to approve the Authorizing Resolution to amend the PILOT agreement to account for the Enhanced Energy Incentive. Martha Robertson seconded the motion. The motion was approved 7-0.

Marriott Hotel – PILOT Amendment Request

Cathy Hart, General Manager of the Downtown Ithaca Marriott, and Richard Reccio of the Urgo group addressed the Board.

The Downtown Ithaca Marriott operations are going well and the project has met and exceeded its job creation expectations. However, the return on investment is not doing so well for the original investors. There were cost overruns in building the hotel and there was a delay in the opening. They are currently 40% down on the ROI and the original debt is soon to be paid. The hotel itself is also not being appraised as high as they would like. This all affects their refinancing efforts. Therefore, they are requesting that the current PILOT agreement be amended to help bridge the difficult financial times. This is critical to secure financing, both debt and additional equity, that is required to pay off the existing loans before maturity.

The request is to add three years to the 10-year PILOT and to hold the abatement level at 80% for an additional five years.

Laura Lewis asked how the new Hilton Canopy Hotel coming online would impact the Marriott. It will not help the Marriott's position. Cathy Hart talked about how hotels usually handle "new supply" coming online. It will eventually even out and with new projects downtown, new Cornell University initiatives and the growth of the Ithaca Airport, they are excited about the new opportunities.

John Guttridge commented that market conditions effecting hotels are global and other local hotels must be experiencing the same issues when it comes to rooms being filled. If their request to amend the PILOT is granted, this could be seen as a subsidy to just one player in the market. Other hotels with a PILOT agreement might come to ask for the same help.

Martha Robertson commented that the request is an additional \$2 million in tax abatements. The IDA's job is to help businesses get started. When other projects do not meet job creation goals due to market conditions, they do not get additional tax abatements. What about the hotel's agreement with the City of Ithaca regarding the hourly rate for those working at the hotel?

Cathy Hart confirmed that they are paying 156% of minimum wage to the housecleaners per their agreement with the City of Ithaca. This in turn, affects other wages at the hotel. As the minimum wage increases this becomes part of the extra costs to the Hotel that are affecting their bottom line. They are working with the City to possibly adjust their agreement to a living wage. Higher wage rates and lower

room rates (to help with keeping the hotel full) are part of the issue and are hindering the refinancing of the hotel.

The ebb and flow of employees during peak and non-peak times of the year were discussed. The employment can flex from 75 – 105 FTE. It was pointed out that this is a full service Marriott that is different from the other chain hotels in Ithaca.

Martha Robertson asked how the possibility of a conference center in Ithaca would impact the hotel. Cathy Hart answered that this would be great. They are actually part of the discussions of brining/building a conference center downtown.

John Guttridge asked what steps are being taken to rectify the issue?

Richard Reccio stated that they are looking at all expenses. They are hitting their occupancy goals, but the room rates are lower than what they would like. They are working with Cornell University and Ithaca College to sell rooms at the hotel and they are brining in their laundry service to save costs.

Leslyn McBean-Clairborne is glad about the possibility of a living wage. She also asked if the IDA had ever helped out a PILOT for a hotel project before. Yes, the Hilton Canopy PILOT start dates were shifted due to a delay in construction.

Mike Sigler commented that this request could start a precedent that he is not comfortable with.

Rich John commented that there are significant financial challenges. He would like to have the IDA help but it also has to be fair. He suggested tabling the request so more thought could be put into it.

Leslyn McBean-Clairborne commented that perhaps if the room rates were lowered, more people would stay at the hotel.

Martha Robertson stated that the current proposal is too much. Perhaps if they redid the abatement schedule and kept it to a 10-year PILOT that would help.

Heather McDaniel reminded the Board that the Hilton Garden Inn received a 20-year PILOT – perhaps this would help with perspective. Laura Lewis asked that this PILOT be presented. She also suggested having Tom Knipe from the City come to talk about the proposed conference center. She is not sure it would help, as it is very far off in terms of becoming a reality.

The Marriott request was tabled for a future discussion.

CHAIRS REPORT

Rich John stated that Governance Committee has reviewed the Bylaws per the Board's request. He also stated that NYS did not legalize recreational marijuana use this year, but he feels that it will be soon. He suggested that the IDA might be able to help future business in this arena. Jennifer Tavares commented that perhaps the local economic development organization, TCAD, would be suited to do this.

(Mike Sigler left the meeting)

STAFF REPORT

Heather McDaniel reported that Harris Beach, PLLC has sent the Board's letter to the Arrowhead Project. She will be bringing it back for discussion at a future meeting.

The NYS Legislature has passed legislation that will impact IDAs. IDAs will now have to live stream meetings if at all possible. IDAs will also have to notify all affected taxing jurisdictions and school board members of resolutions by certified mail with return receipt. Also the OSC has the authority now to audit LDCs.

2018 Job Report – Heather McDaniel reviewed the 2018 Job Report that is based on the information gathered for the 2018 audit. There were there projects that did not meet their job creation requirements. She has reviewed the numbers with the projects and explanations are in the accompanying memo. She is not recommending any recapture action at this time.

John Guttridge moved to accept the 2018 Job Report and to not pursue recapture action. Martha Robertson seconded the motion. The motion was approved 6-0

APPROVAL OF MEETING MINUTES

Martha Robertson moved to approve the draft meeting minutes from the May 8, 2019 Board meeting. Leslyn McBean Clairborne seconded the motion. The motion was approved 6-0.

EXECUTIVE SESSION

John Guttridge moved to take the meeting into executive session because of a discussion of industry information. Martha Robertson seconded the motion. The motion was approved 6-0.

ADJOURNMENT

Minutes were approved at August 14, 2019 Board meeting.