

**Tompkins County Industrial Development Agency
Board of Directors Meeting Final Minutes
December 8, 2021 – 1:30 - 3:00 PM**

Via Zoom and LiveStream

Present: Rich John, Martha Robertson, Jeff Gorsky, John Guttridge, Mike Sigler, Laura Lewis, Todd Bruer

Guests: Michael Saglibene, Thomas Tillman, Fred Thompson, Richard Polevoy (Knickerbocker Bed Company), Andrew Bodewes, Tim Crilly (Carpenter Park/Park Grove Realty), Tom Robinson (BorgWarner), Anne Koreman (TC Legislature)

Staff: Heather McDaniel, Kurt Anderson, Ina Arthur (IAED), Russ Gaenzle, Stephen Maier (Harris Beach), Rick Snyder (TC Finance)

CALL TO ORDER

Rich John called meeting to order at 2:31 pm.

PRIVILEGE OF THE FLOOR

Tom Robinson, Plant Manager, BorgWarner Morse Chain - As plant manager of a large manufacturing company in Lansing NY, I am speaking in support of the Knickerbocker Bed Company application. Supporting this company's application will help create a critical mass in the manufacturing sector in Tompkins County.

The following comments were read into the record:

Shawn Wilczynski, Mine Manager, Cargill - Thank you for letting me know about the potential for a business to relocate to Tompkins County from NJ which could result in 88 jobs. I was disappointed but not surprised to hear that NY State processes and funding options are falling short and not providing much support. Luckily, Tompkins County has the IDA and other ways to assist with this kind of opportunity.

Although I am not aware of what the company needs, or all of the options the IDA has to support this kind opportunity, I do know that local support can have a larger impact that some might realize. For example, Cargill was approved for a sales tax exemption material associated for Cargill's new shaft construction resulting in assistance of \$640,000. Although the \$640,000 would only have a 1.4% impact on a \$45,000,000 project it sent a strong message of support to Cargill that went a long way to Cargill deciding to approve the project. Please keep this in mind when considering what could be done to support business retention and growth.

Theresa Alt, 206 Eddy Street, City of Ithaca - The request from Park Grove Realty about the affordable building at Carpenter Park is reasonable, given how the whole deal is set up. It has the advantage that it extends the affordability of the building an extra five years. The disadvantage is that the cost will be borne by future homeowners and renters through their higher property and sales taxes. But that illustrates why this whole IDA tax abatement structure is not a good way to provide affordable housing. It turns over the costs of affordable housing onto the backs of the general population, some of whom have plenty of money and others of whom have way less. Property taxes and sales taxes are regressive, hitting the poorest residents the hardest.

Affordable housing needs to be publicly owned housing funded from taxes that are based on ability to pay. The IDA was not set up to do this. The IDA should concentrate on job creation; that's what it was designed to do.

ADDITIONS TO THE AGENDA - None

BUSINESS

Knickerbocker Bed Company – Final Approval

Heather McDaniel stated that a public hearing was held on December 7, 2021 for this project. No comments were made at the hearing. Minutes from the hearing were distributed to members of the Board. She noted that the authorizing resolution relates only to the incentives requested in the application (sales tax exemption, mortgage recording tax exemption and a 10-year PILOT agreement).

John Guttridge made a motion to approve the Knickerbocker Bed Company authorizing resolution as presented. Martha Robertson seconded the motion. The motion was approved 7-0.

Carpenter Park Affordable Housing – Incentive Increase

Heather McDaniel presented the request from Park Grove Realty to increase the IDA incentives for the Carpenter Park Affordable Housing project due to increased construction costs. The project is requesting to extend the PILOT from 30 to 35 years so the PILOT is co-terminus with the NYS Housing Trust Fund loan. An increase in the sales tax exemption to \$520,000 (an increase of \$120,000) and the mortgage recording tax exemption to be increased from \$4,125 to \$25,616 is requested.

Laura Lewis stated that she is very supportive of this project due to the affordable housing units.

Laura Lewis made a motion to approve the requested incentive increases for the Carpenter Park Affordable Housing project. Martha Robertson seconded the motion. The motion was approved 7-0.

IDA/LDC Fund Balance Discussion

Heather McDaniel briefly reviewed the Fund Balance memo that was prepared by Harris Beach PLLC which outlined the uses of those funds are as determined by NYS law. The year IDA/LDC fund balance is projected to be \$1.8 million after reserving 2021 expenses. The fund balance along with potential uses is presented to the County Legislature each year. Before the presentation, Ms. McDaniel wanted to engage the board on goals for the use of these future funds. It was acknowledged that this is an ongoing discussion. Today, she wanted to specifically address a request from the Knickerbocker Bed Company project to offset a shortfall in anticipated NYS ESD incentives. While the IDA cannot grant funds directly to a project, the IDA can buy equipment or enter into a contractual agreement for services.

She is requesting that the IDA use \$500,000 to help offset costs of a state-of-the-art powder coating system to reduce emissions over a traditional spray paint booth. The additional cost of this system is estimated at \$750,000 to \$1,000,000. The TCIDA, through a contractual agreement, could invest in a portion of the cost of this equipment to provide additional support.

Both Martha Robertson and John Guttridge commented that they cannot support this request as this is a large portion of the fund balance and there is no policy that could guide future requests for funds.

Mike Sigler asked about the possibility of the IDA purchasing the equipment and leasing it to the company and then in five years the company would buy the equipment at a depreciated cost.

Rich John stated that his is in favor of the request. Looking at the 88 jobs that will be coming into the community; this is a cost of \$5,700 per job. This cost would be returned to the community through taxes.

Jeff Gorsky agreed with Rich John. This is an opportunity not to be missed. He suggested that if the company brings the rest of their line to Tompkins County within five years, that they could buy the equipment back for 50% of the current value. Todd Bruer agreed.

Laura Lewis stated that manufacturing jobs are very important and this would be a clear benefit to the community.

Martha Robertson stated that she is not supportive of this request. She feels that the board needs to review what the fund balance will be and what other uses those funds could have.

Richard Polevoy stated that the company is bringing the line to Tompkins County, but the assistance would speed up the timeline and bring all 88 jobs at a faster pace.

Russ Gaenzle stated that the IDA can structure the lease/leaseback agreement any way they would like.

Martha Robertson asked about other possible future uses of the fund balance. Heather McDaniel stated that there are items/goals in the County Recovery Strategy that support the healthcare and manufacturing sectors with training as well as support of the construction trades apprenticeship programs locally as well as redevelopment of the Chainworks site.

Rich John suggested that further discussion of a fund balance plan should be at the committee level.

Jeff Gorsky made a motion that the TCIDA should spend \$500,000 to buy equipment and to lease the equipment it to the company for \$1.00/year for five years. At the end of five years, the company will buy the equipment back from the IDA for 50% of the appraised value. If the jobs from the other lines currently in NJ have been moved to the Ithaca area, then the company will buy the equipment back for \$1.00. Todd Bruer seconded the motion.

Martha Robertson asked for clarification as to the number of jobs to be created in order to qualify for the reduction in buy back value.

John Guttridge stated that there should be a specific number of jobs in the motion. He stated that encouraging the closing of factory in NJ would not be good. Jeff Gorsky stated he is agreeable to changing the motion. Since the company has pledged 88 jobs for one line, **he would amend the motion to state that if the company has created 176 (88 x 2) jobs in five years then they could buy the equipment for \$1.00.**

A vote was taken. The motion passed 5-2 (Guttridge, Robertson No)

Local Labor Policy

Rich John thanked the Labor Committee and all who worked to review and develop the update to the IDA Local Labor Policy.

John Guttridge had a question on the waiver process. If staff is unable to make a decision, should we allow appeals from the applicant. He suggested adding language to that point.

John Guttridge made a motion to remove the “all decisions are final” verbiage and add “an applicant may appeal administrative decisions to the TCIDA Board. All decisions by the Board are final.” Martha Robertson seconded the motion. The motion was approved 7-0.

Heather McDaniel referenced a communication from Nels Bohn about the affordable housing piece. She recommended changing the exemption language regarding affordable housing projects to be defined as a project where **at least 75% of the units** are made available to households earning 80% or less of AMI instead of “the entirety of units.”

John Guttridge made a motion to make the change to “at least 75% of units” instead of “the entirety of units” under the affordable housing exemption. Jeff Gorsky seconded the motion

Martha Robertson suggested changing the percentage of housing units only when the State makes the same change.

Todd Bruer agreed with the updated policy and the suggested amendments.

A vote was taken on the motion. The motion passed 5-2 (Robertson, Bruer voted no).

John Guttridge noted a minor edit to change “the” to “this” policy in the last sentence of the exemption paragraph.

John Guttridge made a motion to approve the updated local labor policy as amended. Martha Robertson seconded the motion. The motion was approved 7-0.

2022 IAED Memorandum of Understanding

John Guttridge asked if there were any changes to the MOU from 2021. Heather McDaniel stated that the only change is an increase to the administrative fee to IAED by 2%. This would be the first increase in several years.

John Guttridge made a motion to approve the 2022 IAED MOU with the TCIDA. Laura Lewis seconded the motion. The motion was approved 7-0.

The IAED 2022 Work Plan

The work plan is presented as an attachment to the MOU. IAED staff developed the 2022 work plan with comments from the IAED Planning Committee and the County’s HED Committee. We are excited about the special projects around broadband, housing and the Emerson/Chainworks development

Chairs Report

Rich John commented that the IDA Board was very busy this past year and much was accomplished. He commended all the Board and IDA staff. He is very proud of the COVID-19 grants to support childcare. He thanked the new members Todd and Jeff for all their contributions from the Labor and IAED perspective. He briefly reviewed all the projects and assistance to the community through them. He noted the policy review and updates that occurred through the year.

Rich thanked Martha Robertson and Laura Lewis for all their hard work on the IDA Board for many years. Martha Robertson has served for a total of 16 years on the TCIDA. IAED staff and Russ Gaenzle were thanked for their hard work by Rich.

Staff Report

Heather McDaniel reported that the McKinley project is teeing up to close by the end of the year. This project will bring \$1.6 million to the CHDF. The Ex Libris project should also start moving forward again after a pause in construction.

IAED has purchased a cost benefit analysis tool from the MRB Group that calculate direct and indirect benefits for IDA projects.

Heather thanked Laura Lewis for her time on the IDA. She will be ending her term with the IDA at the end of the year. We have made a recommendation to the Legislature through the HED Community to appoint Faith Vavra, chief of staff at the City of Ithaca, for a two year at-large term.

Heather noted that Martha Robertson is not yet off the IDA Board as Legislators serve at the pleasure of the Legislature. The next TCIDA meeting will be January 12, 2022. So until the Legislature appoints new members next year, Rich John, Mike Sigler and Martha Robertson will be the County representatives on the Board.

Martha Robertson commented that her 16 years on the IDA Board has been a long ride but well worth all the effort.

Laura Lewis stated that she has appreciated working on the IDA Board. In her four years on the board, she has been impressed with staff and other members of the Board.

Minutes

Laura Lewis made a motion to approve the October 13, 2021 and November 10, 2021 Board minutes. Jeff Gorsky seconded the motion. The motion was approved 7-0.

The meeting was suspended at 4:04 pm. The meeting was started again at 4:07 pm

Laura Lewis made a motion to take the TCIDA Board meeting into executive session. Martha Robertson seconded the motion. The motion was approved 7-0.

John Guttridge made motion to bring the TCIDA Board meeting out of executive session. Laura Lewis seconded the motion. The motion was approved 7-0.

The meeting was adjourned at 4:22 pm.

Minutes were approved at the January 12, 2022 meeting.