

**Tompkins County Industrial Development Agency
Board of Directors Meeting DRAFT Minutes
January 12, 2022 – 2:30 - 4:00 PM**

Via Zoom and LiveStream

Present: Mike Sigler, Jeff Gorsky, Martha Robertson, John Guttridge, Faith Vavra, Rich John

Guests: Frost Travis (Ex Libris, LLC), Jim Brown (Le Chase Construction), Jeff Githens (BVHSF III), Shawna Black (TC Legislature), C. J. Randall (Town of Lansing), Todd Kurzweil, Deirdre Kurzweil

Staff: Heather McDaniel, Kurt Anderson, Chuck Schwerin, Ina Arthur (IAED), Russ Gaenzle, Kyle Gooch (Harris Beach)

CALL TO ORDER

Martha Robertson called meeting to order at 2:35 pm. Faith Vavra, Chief of Staff for the City of Ithaca, was introduced as the new at-large director on the TCIDA.

PRIVILEGE OF THE FLOOR

Marcus Williamee (statement read into the record)

I am Marcus Williamee, Tompkins County resident and Business Representative for Plumbers and Steamfitters Local 81 here in Ithaca. On behalf of the Plumbers and Steamfitters and all of Labor we would like to thank you for your service and your effort on creating and implementing a Local Labor policy for Ithaca Area Economic Development tax abatements. These new stipulations should benefit local workers and the local economy more than in the past. This area is booming with new development and the local workers are looking forward to benefiting from the policy you have created. Again, thank you for listening, thank you for acting, and thank you again for your service.

Dierdre Kurzweil & Todd Kurzweil

Thank for your consideration today and for hearing us. We are coming to see if something can be done to improve the process so that other small businesses are not impacted by development as we have been. During the time that The Ithacan project came to the TCIDA (January 2020) the building owner of the Rothschilds building indicated that businesses would be displaced. There were negotiations to stay in the building, then COVID hit and business was frozen. On December 9, 2020, the Ithacan project received final approval by the IDA. Our business has felt the effects of construction of that project. We are asking that the IDA board “watch out” for small businesses perhaps by adding a question to the application so that future development projects are focusing on the impacts to other businesses.

Heather McDaniel commented that municipal environmental review does take into consideration economic impacts of a building project.

Rich John thanked the Kurzweils.

ADDITIONS TO THE AGENDA – None

BUSINESS

Ex Libris, LLC – Sales Tax Exemption Extension

Frost Travis (Ex Libris, LLC) and Jim Brown (Le Chase Construction) presented the sales tax exemption extension request for the Ex Libris, LLC project. Due to several reasons the construction schedule has slipped beyond original expectations. The project is now ready to start construction again.

Heather McDaniel explained that the current sales tax exemption expired 12/31/2020 while the project was stalled. Due to the actual expiration, this cannot be extended administratively but needs board approval.

Mike Sigler made a motion to approve the extension of the sales tax exemption for the Ex Libris, LLC project. John Guttridge seconded the motion.

Mike Sigler commented that he is inclined to support the sales tax exemption extension to keep the project moving. He feels that the project is taking a long time.

Rich John stated that approving the extension makes sense to keep the project moving.

A vote on the motion was called. The motion passed 5-0-1 (Gorsky abstaining).

Heather McDaniel stated that when a project comes to the IDA, the developer makes a best guess as to when construction will be completed, and this guides the timing of when the PILOT agreement begins. Due to the shift in the construction timeline, she would like to request a shift in the PILOT agreement with Ex Libris to reflect when the project will be operational/completed. She asked that the PILOT agreement be amended to begin with the 2024 school taxes.

Frost Travis stated that while they are still working out the final construction timeline, they hope to be completed by Spring of 2023.

Martha Robertson made a motion to approve an amendment to the Ex Libris, LLC PILOT agreement to begin with the 2024 school tax year. John Guttridge seconded the motion.

Martha Robertson stated that this will move the project forward. The IDA board has approved similar PILOT agreement shifts for other projects. This project is on a critical corner of the City and we need the housing.

Mike Sigler commented that he does not want to lose potential leverage with the project. He is not supportive of this request. Perhaps we should wait and see if the project starts to move forward. John Guttridge agreed with Mike Sigler.

Rich John stated that not aligning the project timeline with the PILOT agreement could introduce uncertainty for the overall financing of the project.

Heather McDaniel stated that the tax status date is March 1st. If this body does not act prior to that date, the project will lose 2 years of incentive. The request is not changing the incentive, just aligning it with the construction schedule.

Frost Travis stated that this could change the underwriting and impact the project financing.

Mike Sigler stated that he just wants some assurance that the project will move forward.

Jim Brown of Le Chase construction spoke to the delays and shift in construction schedule. A large part of the delay was that the site contractor was lost and they have finally hired a new one. The project is slated to begin work again on February 1, 2022. They have also completed structural steel off-site and that is ready to be set after some masonry work is finished.

Heather McDaniel stated that the IDA still has to the ability to terminate the PILOT if the terms of the document are not met. Russ Gaenzle stated that legal verbiage can be put into the documents to hold the project to deadlines.

He suggested adding **“the PILOT will be extended two years with the condition that the structural steel is being installed within six months of the approval of the extension of the PILOT and that certification will be required.”** This additional language was added as friendly to the existing motion on the table.

A vote was called on the motion. The motion passed 5-0-1 (Gorsky abstaining)

BVSHF III (McKinley) – Increase in Sales Tax and Mortgage Recording Tax Exemption

Heather McDaniel reported that the BVSHF III (McKinley) project closed on its legal documents at the end of December 2021. The project has submitted a request to increase the sales tax exemption and mortgage recording tax exemption due to increased construction costs.

The total project budget has been revised as follows:

- Land acquisition - \$12,115,000 (same as in the original IDA application)
- New building construction - \$98,000,000 (versus \$82,000,000 in the original IDA application)
- Soft costs - \$16,142,155 (versus \$15,834,894 in the original IDA application)
- Fees and interests - \$8,307,300 (versus \$7,681,214 in the original IDA application)
- Total costs - \$134,801,491 (versus \$117,631,108 in the original IDA application)

The sources of funds for Project costs are:

- Bank financing – \$87,620,969 (versus \$72,931,287 in the original IDA application)
- Equity - \$47,180,522 (versus \$44,699,821 in the original IDA application)

Given the increase in Project costs, we seek to increase our estimated sales and use tax benefit and mortgage recording tax benefit as follows:

- Gross amount of costs for goods and services that are subject to State and local sales and use tax - \$45,746,760 (versus \$33,526,500 in the original IDA application)
- Estimated State and local sales and use tax benefit - \$3,659,741 (versus \$2,682,120 in the original IDA application)
- Mortgage amount - \$87,620,969 (versus \$72,931,287 in the original IDA application)
- Estimated mortgage recording tax exemption benefit - \$219,052 (versus \$182,328 in the original IDA application)

John Guttridge made a motion to approve the increase of the sales tax exemption and mortgage recording tax exemption benefit for the BVSHF III IDA project. The motion was approved 5-0-1 (Gorsky abstaining).

Martha Robertson asked when the fee to the housing fund would be paid. Heather McDaniel stated that the fee will be paid in three equal increments beginning in the year the project becomes operational (2024).

John Guttridge stated that he feels that the approval of when the fee is paid should be reviewed and approved by the board. The current housing policy states that the fee will be paid in full at the time of project closing.

Heather McDaniel stated that this agreement was made administratively similarly to other housing projects. The prior two projects were allowed to pay out of operating income over the first three years. This project originally anticipated making the payment at closing, however, increases in costs and a decrease in units (i.e. operating revenue) required a shift in timing of the payment.

Martha Robertson made a motion to allow an exemption from the housing policy regarding timing of the housing fee payment for the BVSHF III project to allow the housing fee to be paid in three equal increments beginning at the end of the first year of operations (2024/2025). Mike Sigler seconded the motion.

Martha Robertson stated that the board has allowed this arrangement for other housing projects. The IDA Housing committee will be meeting tomorrow to review the policy and amending the policy to allow this can be considered then.

John Guttridge stated that the affordable housing is needed now and that the funds from the fee can help now versus in the future. This first payment would come at the end of 2024. This is delay and would only be 1/3 of the payment.

Jeff Gorsky asked if the project closed with the IDA and financing with the assumption of future payment over three years? Jeff Githens stated that yes, this assumption was made and that any change would impact the projects financing and they would need to go back to their investors and the bank.

A vote was called on the motion. The motion failed (2 – 3 – 1) (yes, Robertson, Rich) (no, Guttridge, Sigler, Vavra) (abstain – Gorsky).

Staff and the developer will work on a plan on how to resolve this request to be presented at next IDA Board meeting.

Town of Lansing Town Center Policy Extension

C. J. Randall (Town of Lansing) presented the request from the Town of Lansing to extend the existing Lansing Town Center Policy by ten years to continue to support development in the town center. She reported that the boundary map has been clarified with tax parcels. The policy continues to allow housing developments in the Lansing town center area similar to the City of Ithaca's CIITAP policy.

Martha Robertson stated that she is happy to see this as it will help to fight climate change by encouraging density development in the town center.

John Guttridge made a motion to approve the Town of Lansing Town Center Policy extension. Mike Sigler seconded the motion.

Heather pointed out that the policy will also be updated with the IDA's current fee policy and the need to comply with all other IDA policies.

A vote was taken on the motion. The motion was approved 6-0.

TCIDA COVID Grant Program – Informational

The memo was presented as information regarding the COVID-19 childcare grants. Rich John stated that the IDA should feel good about helping.

2021 Year End Accomplishments - Informational

Rich John commented that 2021 was an impressive year at the IDA. This report will be forwarded to the County's HED committee at its next meeting.

CHAIRS REPORT

Rich John spoke regarding the Kurzweil's comments during privilege of the floor. He reported that he had spoken with them prior to the meeting. He commented on how the board should be careful when dealing with land use control not to overstep boundaries. The IDA should also be aware of how development can impact small businesses. Perhaps the IDA's application should include information regarding municipalities addressing these concerns.

Heather McDaniel commented that any project in the City of Ithaca goes through an environmental review, and this includes land use and other economic impacts. She also mentioned that for The Ithacan project, the tax parcel has been subdivided. She also pointed out that the retail questionnaire on the application was for the project under consideration which had no retail.

Rich John acknowledged that information is correct. However, he feels that the IDA should make sure of things as a good neighbor.

Martha Robertson and John Guttridge suggested adding a question or two to the application so that applicants are aware of the impacts they could have on small business.

STAFF REPORT

Heather McDaniel reported that the NYS OSC TCIDA Audit Report has been released. This was a good clean audit with a few minor findings.

There are two approved project that are still to be closed: Emmy's Organics PILOT transfer and NYS Enfield Solar 1, 2, 3.

MINUTES

Martha Robertson made a motion to approve the TCIDA Board meeting minutes from the November 30, 2021 and December 8, 2021 meetings. Mike Sigler seconded the motion.

Minutes will be edited to reflect who spoke on page 18.

The motion was approved 6-0.

EXECUTIVE SESSION

John Guttridge made a motion to take the meeting into executive session to discuss the Arrowhead project. Mike Sigler seconded the motion. The motion was approved 6-0.

John Guttridge made a motion to bring the meeting out of executive session. Jeff Gorsky seconded the motion. The motion was approved 6-0.

The meeting was adjourned at 4:28 pm.