

**Tompkins County Industrial Development Agency
Board of Directors Meeting Final Minutes
December 14, 2022 – 2:30 – 4:00 PM
TC Legislative Chambers
121 E. Court Street
Ithaca NY 14850**

Present: Rich John, Faith Vavra, Jeff Gorsky, Shawna Black, John Guttridge, Todd Bruer, Mike Sigler – remotely

Guests: David Lubin (L Enterprises), Vicky Tyler Brous, Brian Murray, (Shift Capital), Nenna Lynch (Xylem), Todd Fox, Laura Mattos – remotely (Visum), Andrew Bodewes – remotely (Park Grove), Russ Robinson (LeChase), Jodi Denman (Knickerbocker Bed Company)

Staff: Heather McDaniel, Ina Arthur (IAED), Stephen Maier (Harris Beach)

Board member Michael Sigler attended the December 14, 2022 special meeting via video conference due to an extraordinary circumstance as outlined in section 4e of the Organization’s Public Meeting Videoconference Policy. This determination was made Board Chair Rich John and Administrative Director Heather McDaniel. Mr. Sigler attended at a location **not open to the public** and thus did not count towards quorum, but he was able to vote on any motions on the floor.

CALL TO ORDER

Rich John called meeting to order at 2:30 pm.

PRIVILEGE OF THE FLOOR

Theresa Alt - 206 Eddy Street

I am here to speak about 132 Cherry Clinton the Hive at the hearing I spoke against it in general terms. It is out of the CIITAP district, and it does not provide affordable housing. Peter Wissoker provided a statement at the public hearing that talked about options that should be considered. Those statements are in the agenda packet. What is new is that Laura Lewis has been asked for a letter of support. It is a very lukewarm support. She states that it is up to the IDA to decide or not. Think carefully and please don’t set a precedent that you so love all developers that any developer can come, in or out of the district, affordable housing or not, and you will grant a tax abatement.

Peter Wissoker, Ithaca NY (read by Rich John)

Forgive me for not appearing in person, I’m immunocompromised. In my public hearing comments, which I hope everyone read, I laid out three reasons for not supporting Visum a.k.a. 132 CHERRY CLINTON LLC’s request for tax breaks: 1) It is not the TCIDA’s job to increase the leverage and profitability of the developer; 2) nor is it your job to make good a risk taken by the developer based on insider information that did not pan out as expected; and finally, 3) the agency should not be financing market-rate housing projects. For these reasons, I urge you to reject the request for tax breaks. It is a good project, but not one that should be funded using the taxpayers’ money.

If you decide to go ahead and support the project through tax breaks, I urge you to slow down the process and seriously consider the terms under which you do so. (Speaking of which, I hope that by now you have received a revised outside cost-benefit analysis as the one in the original package tripled the estimated number of jobs that

would be created during construction and therefore the benefits of the project.) In my earlier comments I offered six suggestions for altering the agreement, from insisting that the tax benefits not be conveyed if the project is sold and that the taxing districts receive a proportionate share of the profits from any sale of the buildings, to guaranteeing better labor standards and attempting to have more of the building materials purchased within the county. Finally, given that the project is not located within the CIITAP area I suggested that it should be put on the seven-year schedule rather than the ten, if it is to be supported at all. I hope you integrate these ideas into your thinking.

We know that to give the project serious consideration takes time and negotiation between you—as the board—and the agency staff. It is your job to ensure that the agency’s fine staff does well by the city and the county. And sometimes that means checking their enthusiasm. Given that Section 7 of the agreement you are voting on empowers “The Chair, Vice Chair and/or Administrative Director of the Agency...to negotiate and enter into (A) the Project Agreement...” I urge you to work through what the agency’s negotiating position should be so that whoever does the negotiating will have a firm set of guidelines that reflect the agency’s position. To move ahead in its current state would not serve the taxpayers well. At a time when we can’t compete with other communities to pay our DPW workers to plow our streets and when property taxes keep rising to fund the schools, please slow down and carefully consider whether giving this market-rate housing project is the best use of our tax money. I believe it is not. If you believe it is, then what compromises should the developer make to give the community a fair return? If this isn’t a question you can answer in the next half hour without feeling rushed, then I urge you to either vote no or table the issue until you have a clearer answer.

ADDITIONS TO THE AGENDA – None

BUSINESS

SouthWorks Project Overview

The development team came to give an overview of the development of SouthWorks. It is an exciting project that has been many years in the making. The developer has closed on the sale of the old Emerson building facility. The development team is here to share vision and plan for repurposing and redeveloping the 95 acre parcel. PILOT agreement discussions have begun. The PILOT is someone different and larger than projects we usually see.

Introductions were made by Brian Murray. David Lubin, L Enterprises, Vicky Taylor Brous, project coordinator with Shift Capital, Nenna Lynch, Xylem Projects, Brian Murray, CEO of Shift Capital. The fourth partner is Melissa Geska (US Ceiling Corp) out of Rochester was not able to attend today’s meeting.

Shift Capital is a mission-driven inclusive community development organization with a whole neighborhood approach. Other organizations on the team are CSJ Architects, Fagan Engineers, SCAPE, Buro Happold, Taitem Engineering and Pike/Lecesse.

The site is 95 acres with 32 developable. The project will include the adaptive reuse of 821,000 sf existing building and 1M sf in new construction. The total sf will be 1.7M with 1M sf of mixed income housing, 450,000 sf of commercial, office and tech space, and 250,000 sf of manufacturing/industrial space. The site also is in an empire zone and opportunity zone.

The SEQR process with the City and Town of Ithaca has been completed and construction is anticipated to begin Spring of 2023.

Nenna Lynch gave an overview of the site analysis and the vision for the overall site from housing and space for businesses.

Project cost estimate \$340M over several years. The economic impact during construction period (over 10 years) is 4,600 FTE jobs (direct and indirect) and \$500M. Permanent jobs upon stabilization is 2,300 FTE and \$724M. They are putting together a workforce development coalition.

Grants and funding were also discussed. A \$1.5M NYSERDA Cleaner Greener grant was awarded for sustainable renovation. A \$250,000 ARC grant is pending for infrastructure.

In summary, this is a generational opportunity. There is a team in place that cares about the outcomes for the community. It will take a group effort to make this work.

Shawna Black asked about the demolition and what type of neighbor protections will be in place. There will only be select demolition and be happening in the middle of the site. It is hoped to reuse or adapt a large amount of the site. They are working with traffic engineers to see what the best access sites will be. They will be communicating with local neighborhoods on the goings on during construction. Of concern is the elementary school.

John Guttridge asked if they are concerned about dropping a large amount of office space into the market. Other commercial space has remained empty recently. The team is very aware of this, and it is still in flux. It may be that the space will not be “traditional” office space. Also, not all the office space will come on line at once. It will be incremental.

Mike Sigler asked if there will be synergy with projects in Onondaga and Broome Counties. That was not in the original plan, it is early and a lot has to play out but they are open to working with these options.

132 Cherry Clinton, LLC (The Hive) – Approval

Heather McDaniel reported that a public hearing for the project has been held and minutes of the hearing have been distributed to the board. The City of Ithaca has also provided a letter of support for the project.

Jeff Gorsky made a motion to approve the authorizing resolution for the 132 Cherry Clinton (The Hive) project. Mike Sigler seconded the motion.

Heather McDaniel responded to the comments from last month’s meeting regarding this project. There were comments about using the IDA incentive as leverage to cover the developer’s investment. The IDA does not provide a direct financial benefit to a developer. So, the equity investment needs to come in at the beginning and the way a developer gets paid over time is through revenue from the project. So, you can see in the ROI memo that cash flow for distribution is below zero in the first few years. There will not be a return until 20 years.

In response to other comments:

- A reminder that any transfer of incentive must be approved by the IDA Board.
- MRB cost benefit analysis – this is a multiplier based on the information given and usual assumptions.
- The project agreement captures all aspects of the project and benefits from the application, there is no further negotiation
- The developer will be paying over \$700,000 into the CHDF to go towards affordable housing
- The project will meet and exceed the City of Ithaca’s green energy code

- The fact that all other market or above market rate projects fill up even before they open indicates that there is demand for this type of housing development.

Shawna Black asked the developer if he would consider adding affordable units to the project. Todd Fox said that he has considered it but at this time, paying into the County Development Housing Fund is the way he would like to go and then build an affordable housing building in the neighborhood at a later time.

John Guttridge stated that this is a great project, but he is struggling with the fact that it is outside the CIITAP district, and that the City's support letter is weak. He is not in support of the project.

Todd Bruer also stated that he is not in support of the project.

Rich John and Jeff Gorsky spoke in favor of the project and will support it.

Shawna Black stated that she would like to see support letters from the City's Common Council and a commitment to build 10% of housing as affordable units.

Faith Vavra stated that she feels there is more information that is needed from the City.

John Guttridge asked about procedure. If the vote on the motion to approve fails, and the project comes back with minor modifications, does it need to go through the process of application approval and public hearing?

Stephen Maier stated that if there were changes to the application that a new application be provided and recertified and go through the public hearing again.

Rich John stated that the motion could be tabled and considered next month. Perhaps more supplemental information will be forth coming.

Faith Vavra made a motion to table the motion on the floor. Mike Sigler seconded the motion. The motion to table was approved 6-1 (Guttridge Nay).

Carpenter Park Mixed Use – PILOT Amendment

Heather McDaniel spoke to the letter requesting modification of the PILOT. The original estimate of the land value of \$2.4M was too high. The land value on this tax parcel is \$1.5M. The developer is asking that the PILOT be amended to reflect the current land value.

John Guttridge reminded all that this project is part of three connected projects. He cannot evaluate as he does not know that value of the other two parcels that have been developed. He doesn't want to run the risk of abating existing taxes. He doesn't think we have enough information to act on this today. He would like to see in writing all the information about all three parcels.

John Guttridge made a motion to table the agenda item. Todd Bruer seconded the motion.

Shawna Black asked that if the value of the property was more than what was in the PILOT, would he come back and amend the PILOT?

The abatement would everything above the base value. The PILOT would be on actual value. But this base value is during the construction time frame and the developer is being taxed on more than the land is valued.

The vote was called on the motion. The motion was approved 7-0.

The agenda item was tabled.

Knickerbocker Bed Company – Sales Tax Exemption

Russ Robinson of LeChase and Jodi Denman, CFO of Knickerbocker joined the board.

Heather McDaniel reported that the construction budget for the Knickerbocker Bed Company project has increased. The company is requesting both an increase of the sales tax exemption allowance of \$150,000 (increasing the not to exceed amount to \$350,000) and an extension of the exemption date by one year to December 31, 2023). These changes to the project agreement are in the authorizing resolution that was sent with the agenda packet. She would like to ask that the sales tax exemption allowance be increased by an additional \$100,000 due to additional equipment and installations costs. The total exemption would be set not to exceed \$450,000.

A video showing the inside of the building was viewed.

John Guttridge asked why the additional \$100,000 request is being asked for now. Heather McDaniel stated that having the company come to the board one time versus now and then again in a few months made sense.

Shawna Black stated that she thinks this project is great and is appreciate they are paying their employees a fair wage. Todd Bruer also spoke in favor of the project.

John Guttridge asked if the company would be willing to wait and come back with a second increase request in the future.

John Guttridge made a motion to approve the authorizing resolution increasing the sales tax exemption amount for the Knickerbocker Bed Company project and extending the expiration date of the exemption as written. Shawna Black seconded the motion. The motion was approved 7-0.

2023 Memorandum of Understanding IAED and TCIDA – Approval

The 2023 memorandum of understanding between TCIDA and IAED was presented. The funding request for support of economic development has increased 2% from 2022.

Jeff Gorsky recused himself as he sits on the IAED Board of Directors.

John Guttridge made a motion to approve the 2023 memorandum of understanding between TCIDA and IAED. Todd Bruer seconded the motion. The motion was approved 6-0-1 (Gorsky abstain).

TCIDA Ethics and Conflict of Interest Policy - Approval

The TCIDA Ethics and Conflict of Interest Policy has been updated. The IDA's Governance Committee met to review the policy and has recommended approval.

John Guttridge made a motion to approve the TCIDA Ethics and Conflict of Interest Policy. Faith Vavra seconded the motion. The motion was approved 7-0.

The governance committee also recommended naming the IDA's Administrative Director as the ethics officer.

John Guttridge made a motion to appoint the TCIDA Administrative Director as ethics officer. Faith Vavra seconded the motion. The motion was approved 7-0.

CHAIRS REPORT

Rich John thanked Faith Vavra for her service on the Board of Directors as the representative from the City of Ithaca.

STAFF REPORT

Heather McDaniel reminded all directors to complete the annual board self-evaluation as this is required by the Authority Budget Office each year as part of the IDA's annual audit. The requests for project information have been sent for the 2022 annual audit.

MINUTES

Jeff Gorsky made a motion to approve the Board Meeting minutes from November 9, 2022. Todd Bruer seconded the motion. The motion was approved 7-0.

The meeting adjourned at 4:14 pm.

Minutes were approved at the February 8, 2023 board meeting.